

**DEPARTMENT OF DEFENSE AUTHORIZATION FOR
APPROPRIATIONS FOR FISCAL YEAR 2006**

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES

UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

ON

S. 1042

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 2006 FOR MILITARY
ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CON-
STRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF
ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL
YEAR FOR THE ARMED FORCES, AND FOR OTHER PURPOSES

PART 3

READINESS AND MANAGEMENT SUPPORT

APRIL 6, 13, 20, 2005



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**DEPARTMENT OF DEFENSE AUTHORIZATION
FOR APPROPRIATIONS FOR FISCAL YEAR
2006**

WEDNESDAY, APRIL 6, 2005

U.S. SENATE,
SUBCOMMITTEE ON READINESS
AND MANAGEMENT SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MILITARY INSTALLATION PROGRAMS

The subcommittee met, pursuant to notice, at 9:32 a.m., in room SR-232A, Russell Senate Office Building, Senator John Ensign (chairman of the subcommittee) presiding.

Committee members present: Senators Ensign, Cornyn, Thune, Akaka, and Clinton.

Committee staff member present: Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: William C. Greenwalt, professional staff member; Gregory T. Kiley, professional staff member; David M. Morriss, counsel; and Lucian L. Niemeyer, professional staff member.

Minority staff members present: Peter K. Levine, minority counsel; and Michael J. McCord, professional staff member.

Staff assistants present: Andrew W. Florell, Bridget E. Ward, and Pendred K. Wilson.

Committee members' assistants present: Arch Galloway II, assistant to Senator Sessions; Alexis Bayer, assistant to Senator Ensign; Russell J. Thomasson, assistant to Senator Cornyn; Bob Taylor, assistant to Senator Thune; Darcie Tokioka, assistant to Senator Akaka; William K. Sutey, assistant to Senator Bill Nelson; Eric Pierce assistant to Senator Ben Nelson; and Andrew Shapiro, assistant to Senator Clinton.

OPENING STATEMENT OF SENATOR JOHN ENSIGN, CHAIRMAN

Senator ENSIGN. Good morning. The Readiness and Management Support Subcommittee meets today to receive testimony on installations and environmental programs in the fiscal year 2006 President's budget request. We have also asked our witnesses to be prepared to answer questions about the Base Realignment and Closure (BRAC) Commission.

Along with Senator Akaka, who I am honored once again to have as our ranking member on this subcommittee for the 109th Con-

gress, we welcome all of our witnesses: Philip Grone, Deputy Under Secretary of Defense for Installations and Environment; Geoffrey Prosch, Principal Deputy Assistant Secretary of the Army for Installations and Environment; the Honorable B.J. Penn, Assistant Secretary of the Navy for Installations and Environment; and the Honorable Nelson Gibbs, Assistant Secretary of the Air Force for Installations, Environment, and Logistics.

This year promises to be a challenge for this committee, Congress, the Department of Defense, and the hundreds of communities that support our military personnel and their families across the country. Over the next 6 months, the 2005 Defense Base Realignment and Closure round will be a difficult challenge for some and a relief for the rest. Ultimately it will free up the vital military resources while improving the efficiency of operations and the effectiveness of training and readiness programs.

While our witnesses are not able to discuss potential BRAC recommendations, we are able to discuss the policies related to the implementation of the decisions. These policies will have a profound impact on the ability of communities to respond quickly to BRAC decisions with economic investment and reuse initiatives. We must ensure that the Department's goal to receive maximum monetary return on the disposal of property is tempered by an equally important priority to cooperate with and assist affected communities with grants and expertise related to the environmental cleanup and economic redevelopment.

The Department of Defense has set the stage for BRAC by looking overseas first to consolidate installations and to bring over 70,000 military personnel and their families back to the United States over the next 2 years. The President's integrated global posture strategy in September 2004 established a plan to update the basing of our military forces around the world to convert from Cold War garrisons to a more flexible array of expeditionary locations, in cooperation with new allies, to meet the national security challenges of the 21st century.

The next important step is the implementation of formal agreements with new host countries to establish the status of forces, basing arrangements and terms for burdensharing. These agreements are crucial to ensure that all future investments proposed by the Department of Defense are backed by a firm commitment that taxpayer funds will be put to good use over the long term.

This subcommittee remains keenly interested in the ability of the Armed Forces to maintain their readiness for executing combat and difficult non-combat missions through rigorous and realistic training. I believe this national security imperative can be successfully balanced against the Department's responsibility to be a good steward of the environment. Congress and the American public strongly believe these goals should be mutually supportive.

I invite each of the witnesses to discuss the challenges they face in complying with the environmental laws and regulations and the impact of encroachment on their ability to carry out realistic combat training. Congress has recently provided clarification and added flexibility to some environmental laws. I invite the witnesses to discuss their views of the impact of these changes, whether they have been helpful and any concerns they may have. The witnesses

should discuss any new problems or changes in the laws they believe Congress should consider.

Turning to facility investment programs, the fiscal year 2006 budget request of \$12.1 billion for military construction and housing programs reflects the deliberate decision to maintain a consistent level of recapitalization funding in a dynamic and uncertain basing environment. Within this amount is a lump sum request for \$1.88 billion to cover the first year's costs of implementing BRAC results and decisions related to the relocation of overseas units. I look forward to hearing the Department's plan to notify Congress of the intended use of these funds.

Finally, this committee continues to be concerned about the migration of funds budgeted for facility sustainment. These funds are being diverted to cover other shortfalls in accounts for base operations support. Only a fraction of the high sustainment funding level proclaimed in budget presentations to Congress is being realized at the installation level, resulting in the deferment of critical repairs and the maintenance to facilities and infrastructure. This slow deterioration of our physical plant will continue to have a detrimental effect on the operations, readiness, and training of our combat forces. We need to reverse this negative trend, and I look forward to hearing the views of our witnesses on this and other installation programs.

Before I turn it over to Senator Akaka, who I welcome this morning, I just want to say quickly our time this morning is going to be shorter than what we had originally budgeted simply because we have a vote at 10 o'clock. So my plan is to go somewhere around 10:00 to 10:15 and then after that, the Senate is supposed to be meeting in the chamber to go over to the House to hear from the new President of the Ukraine, Mr. Yushchenko. So we are going to try to keep everybody as succinct as possible this morning so we can have much time as we can for questions.

Senator Akaka.

STATEMENT OF SENATOR DANIEL K. AKAKA

Senator AKAKA. Thank you so much, Mr. Chairman. Again, I want to say I am so happy to be working with you in this session.

I join all of you in welcoming our witnesses this morning to discuss the Department's construction of family housing, base closure, and environmental restoration compliance programs. I would like to welcome back Secretary Gibbs, who is the only one of today's witnesses who has testified before this committee, and I wish to welcome the rest of our witnesses to their first official appearance before our committee.

In Secretary Penn's case, we welcome you back to your first appearance in your new position since your recent nomination hearing. Despite not having testified before, some of our witnesses, in particular Mr. Grone, are well known to the members of the subcommittee.

Because our time is so limited, due to the upcoming joint session with the President of the Ukraine, I will be brief in my opening remarks.

We are here today to discuss both the budget request for military construction, family housing, and Department of Defense (DOD)

environmental programs, but also, or perhaps I should say especially, the 2005 base closure round. There are a number of questions regarding the implementation of the BRAC round that I hope we can address during today's hearing, to the extent time allows. Between the BRAC round here in the United States and the potential changes in our overseas basing due to recommendations from the Global Posture Review, which are not subject to the BRAC process, we will have many important matters before Congress and the Department that fall within the jurisdiction of this subcommittee. I look forward to the discussion today.

Thank you very much, Mr. Chairman.

Senator ENSIGN. Thank you, Senator Akaka.

Mr. Grone.

STATEMENT OF PHILIP W. GRONE, DEPUTY UNDER SECRETARY OF DEFENSE, INSTALLATIONS AND ENVIRONMENT

Mr. GRONE. Senator Ensign, in the interest of time, we will try to expedite opening statements in order to accommodate your request.

Senator ENSIGN. The full statements will be included in the record.

Mr. GRONE. Thank you, Mr. Chairman.

Chairman Ensign, Senator Akaka, and distinguished members of the Subcommittee on Readiness and Management Support, I am pleased to appear before you this morning with my colleagues to discuss the President's budget for the coming fiscal year for the Department of Defense.

The President's budget request for the Department of Defense for this coming fiscal year continues the efforts of the administration to place our military infrastructure on a sound management foundation. The business area comprising the Department's support for the support of our installation assets and the stewardship of natural resources in this year's budget for the coming year totals over \$46 billion.

Our management responsibilities extend to an infrastructure with 510,000 buildings and structures and a plant replacement value of \$650 billion, as well as stewardship responsibility for roughly 29 million acres of land, roughly the size of the States of Connecticut and my native Kentucky combined.

In a number of key areas, working with Congress, we have made significant progress. The privatization of military housing, which is an important part of the President's management agenda, is achieving results. We are deeply appreciative of the action of Congress last year in addressing the limitation on budget authority for this program. Your continued bipartisan support will allow the Department to continue to enhance housing options for military personnel and their families.

Through the end of fiscal year 2004, leveraging the power of the market and the expertise of industry, we awarded 43 projects, privatizing 87,000 units of housing. To achieve a similar scope, the taxpayer would have had to have provided \$11 billion in construction funds. Over the life cycle, even taking housing allowances into account, these privatized projects will save the taxpayer roughly 10 to 15 percent over that life cycle. Ten of our projects have achieved

the end of their initial development phase and the response that our developing partners are getting from tenants is very positive.

Our efforts to sustain and recapitalize our facilities are also achieving results. Four years ago, the Department's recapitalization rate stood at 192 years. The President's budget for fiscal year 2006 supports a rate of 110 years, and we remain committed to our goal of a 67-year recap cycle in fiscal year 2008. Facilities sustainment is budgeted this year at 92 percent of the requirement, and in both cases, we built the program around commercial benchmarks and private sector best business practices.

The defense of our Nation and our environmental protection, as the chairman indicated, are strongly linked. In concert with the President's August 2004 executive order on the facilitation of cooperative conservation, we have developed a program of compatible land use partnering that promotes the twin imperatives of military test and training readiness and sound conservation stewardship through collaboration with multiple stakeholders.

The Department continues to be a leader in every aspect of environmental management, deepening our implementation of environmental management systems (EMS) and based on the international standard for EMS (ISO 14001).

Our most recent defense installations strategic plan, entitled "Combat Power Begins at Home," reflects our focus on improving the management of our assets and to ensure their ability to contribute to military readiness. All of our efforts are designed to enhance the military value of our installations and to provide a solid foundation for the training, operation, deployment, and employment of the Armed Forces which, as a result of BRAC, Global Posture, and our sustainment and recapitalization strategy, all of that taken together, as well as the important efforts we are making in the environment, provide us solid platform for the future.

While much remains to be done, we have already accomplished a great deal, and with the continued support of this subcommittee, we will continue to do so.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Grone follows:]

PREPARED STATEMENT BY PHILIP W. GRONE

Mister Chairman and distinguished members of this subcommittee, I appreciate the opportunity to appear before you today to address the President's Budget request for fiscal year 2006 and the plan of the Department of Defense to improve its infrastructure and facilities.

The Department of Defense recognizes the long-term challenges associated with its infrastructure strategy. The Department has developed a strategy and several tools to address these challenges. The President's Management Agenda recently added the stewardship of Federal real property as a new initiative. The Department is a full participant in the Federal Real Property Council established by Executive Order 13327.

Working in full cooperation with the military services and other Defense components, the Department set out in 1997 to build a corporate-wide inventory of assets. The idea was and remains that the Department's funding requirements for installations is a function of the assets currently on hand and planned for the future. Hence, an accurate inventory and a forecast of those assets are fundamental to determining and assessing budget requirements. The Department is continuing to improve its inventory process and is working extensively in the interagency process to support a more useful Federal inventory that can be used for management purposes.

In 1998, the Department set out on a 6-year program to eliminate 80 million square feet of obsolete and excess facilities. Six years later, we concluded that effort

by exceeding our target—removing a total of 86 million square feet. As part of a continuing effort to dispose of unneeded facilities, the Department recently completed a new survey of demolition requirements.

In 2001, the Department issued its first ever Defense Facilities Strategic Plan. In September 2004, we issued a comprehensive, capabilities-based, and performance-oriented Defense Installations Strategic Plan. Our new plan begins to integrate more fully environmental management systems, safety, and occupational health into a comprehensive approach to asset management. The 2004 plan addressed recommendations made by the Government Accountability Office (GAO) and was approved by the Office of Management and Budget (OMB) as being consistent with the guiding principles of the Federal Real Property Council in meeting the objectives of the President's Management Agenda.

Global Posture Realignment

While the Department addresses better business practices, we also are working to realign our infrastructure to deal effectively with military transformation and 21st century threats. The Defense posture of the past 50 years reflects the Cold War strategy, with U.S. forces forward deployed primarily to fight near where they were based. Today's environment requires more agile, fast, and lean forces able to project power into theaters that may be distant from where they are based. This agility requires not only a shift in military forces, capabilities and equipment, but also a new basing strategy.

Last fall, the Department completed a 2-year comprehensive review of its global posture and basing strategy, which will result in the most profound restructuring of U.S. military forces overseas since the end of the Korean War. This review was conducted with extensive participation by the combatant commanders, the Joint Chiefs of Staff, and our interagency partners. We provided Congress with a copy of the report in September 2004.

The new posture will enable the Department to respond more quickly to worldwide commitments and make better use of our capabilities by thinking of our forces globally. In terms of "footprint", we will tailor our forces to suit local conditions while strategically pre-positioning equipment and support. We anticipate realigning or closing a number of large permanent bases in favor of small and scalable installations better suited for deployments to trouble spots. This will also reduce friction with host nations. For example, removal of the U.S. Air Expeditionary Wing from Prince Sultan Air Base should help improve our relations with Saudi Arabia, and relocating U.S. forces out of densely-populated Seoul, Korea, to hubs further south will resolve problems with the Korean public while bolstering our military capabilities on the peninsula.

Senior officials of this Department and the Department of State have already begun the process of consulting with our friends and allies around the world to incorporate their input into our plan. We recognize that our allies are sensitive to changes in our overseas posture, and we will continue to consult with them as we make final decisions and begin executing the strategy. We will continue to consult with Members of Congress on our plan and will seek your support as we implement these far-reaching and enduring changes to strengthen America's global defense posture.

Since some overseas personnel will return to the United States, global posture changes will influence BRAC recommendations that will be announced in May 2005. Even though global posture changes will be executed over several years and will continue to be adjusted as strategic circumstances change, the Department will incorporate projected overseas posture changes into the BRAC process.

BRAC 2005

The domestic BRAC round and the global posture review are key elements that support transformation. A well supported, capabilities-based force structure should have infrastructure that is best sized and placed to support emerging mission requirements and national security needs. DOD must configure its infrastructure to maximize both warfighting capability and efficiency. Through BRAC and the global posture changes the Department will support the warfighter more effectively and efficiently. The Secretary will provide his recommendations for domestic closures and realignments to the Commission and Congress by May 16 as required by the BRAC 2005 statute.

From a domestic perspective, the Department recognizes it has an obligation to assist communities impacted by BRAC 2005. The Defense Economic Adjustment Program will include assistance for communities to plan for the civilian redevelopment of available real and personal property; and implement local adjustment actions to assist impacted workers, businesses, and other affected community inter-

ests. The Department will work to partner with affected communities as we both seek opportunities for quick civilian reuse of former military installations. For communities engaged with installations that will receive new missions, we also recognize the importance of cooperatively planning to ensure our mission can effectively be stood up and supported.

MANAGING INFRASTRUCTURE

The Department currently manages nearly 517,000 buildings and structures with a plant replacement value of over \$650 billion, and over 46,000 square miles of real estate. We have developed models and metrics to predict funding needs and have established goals and performance measurements that place the management of Defense infrastructure on a more objective, business-oriented basis.

Infrastructure Investment Strategy

Managing our facilities assets is an integral part of comprehensive asset management. The quality of our infrastructure directly affects training and readiness.

Facilities sustainment, using primarily operations and maintenance-like¹ appropriations, funds the maintenance and repair activities necessary to keep an inventory in good working order. It includes regularly scheduled maintenance and major repairs or replacement of facility components that are expected to occur periodically throughout the life cycle of facilities. Sustainment prevents deterioration and preserves performance over the life of a facility.

To forecast funding requirements for sustainment, we developed the Facilities Sustainment Model (FSM). FSM uses standard benchmarks drawn from the private and public sectors for sustainment costs by facility type and has been used to develop the Service budgets since fiscal year 2002 and for several defense agencies beginning in fiscal year 2004.

Full funding of sustainment is the foundation of our long-term facilities strategy, and we have made significant progress in achieving this goal. The Department increased funding for facilities sustainment consistently from fiscal years 2002 through 2005, sustaining facilities at an average of 93 percent of benchmarks. In the fiscal year 2006 budget request, the Department shows a slight decrease in the department-wide rate to 92 percent. The budget request, however, is an improvement upon the plan for the fiscal year 2006 contained in the fiscal year 2005 Fiscal Year Defense Program (FYDP), which funded facility sustainment at 90 percent. Our priorities have not changed and with the support of Congress our goal remains to reach full sustainment by fiscal year 2008.

Restoration and modernization, collectively termed recapitalization, provide resources for improving facilities and are funded with either operations and maintenance or military construction appropriations. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last more than 50 years.

Recapitalization is the second step in our strategy. Similar private sector industries replace their facilities every 50 years, on average. With the types of facilities in the Defense Department, engineering experts estimate that our facilities should have a replacement cycle of about 67 years on average. In fiscal year 2001, the Department's recapitalization rate stood at 192 years. This budget request supports a recapitalization rate of 110 years, and we remain committed to achieving our 67 year recapitalization goal in fiscal year 2008.

SUSTAINMENT AND RECAPITALIZATION REQUEST

[President's budget in millions of dollars]

	Fiscal Year 2005 Request	Fiscal Year 2006 Request
Sustainment (O&M-like ²)	6,515	6,529
Restoration and Modernization (O&M-like)	1,321	1,008
Restoration and Modernization (MilCon)	3,161	3,474
TOTAL SRM	10,997	11,011

Includes O&M as well as related military personnel and host nation.

¹ Includes O&M as well as related military personnel, host nation, and working capital funds.

As a key component of our facility program, the Military Construction appropriation is a significant contributor to the Department's comprehensive approach to asset management practices. The Fiscal Year 2006 Department of Defense Military Construction and Family Housing appropriation request totals \$12.05 billion. This budget request will enable the Department to transform in response to warfighter requirements, to enhance mission readiness, and to take care of our people. We do this, in part, by restoring and modernizing our enduring facilities, acquiring new facilities where needed, and eliminating those that are excess or obsolete.

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS

(President's budget in millions of dollars—budget authority)

	Fiscal Year 2005 Appropriation	Fiscal Year 2006 Request
Military Construction	4,745	5,284
NATO Security Investment Program	166	207
Base Realignment and Closure	246	2,258
Family Housing Construction/Improvements	1,622	2,020
Family Housing Operations and Maintenance	2,547	2,220
Chemical Demilitarization	81.9	0
Homeowners Assistance	0	0
Family Housing Improvement Fund	2.5	2.5
Energy Conservation Investment Program	50	60
TOTAL	9,460	12,052

Improving Quality of Life

At the outset of this administration, the President and Secretary Rumsfeld identified elimination of inadequate family housing as a central priority for the Department and set an aggressive target of 2007 to meet that goal. Greatly expanded use of the privatization authorities granted under the fiscal year 1996 Military Housing Privatization Initiative has enabled achievement of that target at U.S. based installations where those authorities apply. Sustaining the quality of life for our military families is crucial to recruitment, retention, readiness, and morale. The fiscal year 2006 budget funds elimination of all inadequate domestic family housing by 2007, and eliminates remaining inadequate houses overseas by 2009.

DOD policy relies on the "community first" (private sector) to provide quality housing. Only when the private market demonstrates that it cannot supply sufficient levels of quality housing does the Department provide housing to our military families using privatization as its primary option followed by government-owned and leased housing. For example, we address our housing needs overseas through military construction and leasing in the absence of privatization authority.

To ensure the Department is making the best investment decisions in determining the appropriate level of housing, the government provides a single and consistent methodology for calculating the requirement which was introduced in January 2003 and is being extensively utilized by the Services. Currently, 73 percent of military families reside in privately owned housing, including 11 percent in privatized military housing and 27 percent in government-owned housing areas.

The Department has skillfully used privatization to more quickly eliminate inadequate housing and to provide additional housing where shortfalls existed. As of February 2005, the Department has awarded 43 projects. This includes over 87,000 military family housing units, which is a 58 percent increase since January 2004. DOD policy requires that privatization yield at least three times the amount of housing as traditional military construction for the same amount of appropriated dollars. The 43 awarded projects have permitted the Department, in partnership with the private sector, to provide housing for about \$767 million in military construction investment. The same level of construction activity would otherwise have required over \$11 billion if the traditional military construction approach was utilized. This reflects an average ratio of over 14 to 1, well exceeding program expectations.

The Department's privatization plans in the fiscal year 2006 budget will privatize 84 percent of its domestic family housing inventory, or roughly 185,000 units privatized by the end of fiscal year 2007. By the end of fiscal year 2006, we will have privatized 172,400 housing units.

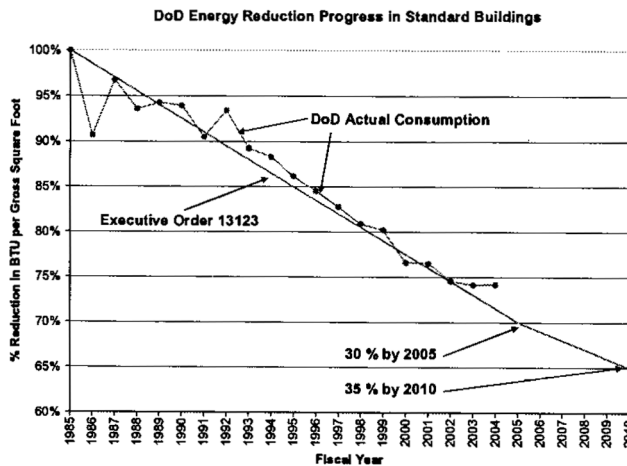
For fiscal year 2006, the Department requests \$4.243 billion in new budget authority for family housing construction, operations and maintenance:

- \$1.9 billion to construct 3,447 new/replacement units and improve 3,584 existing units.
- \$2.2 billion to operate and maintain approximately 123,452 government-owned family housing units, and lease another 26,281 units worldwide.

Funding to support the privatization of family housing is programmed and budgeted in the family housing construction appropriations and is transferred to the DOD Family Housing Improvement Fund (FHIF) when the privatization projects are executed. The fiscal year 2006 construction account requests a total of \$281 million in funding for privatization. Of this amount, approximately \$182 million is anticipated to be transferred to the Family Housing Improvement Fund during fiscal year 2006 along with \$428 million in previously appropriated construction funds. This \$610 million will be used to finance the privatization of approximately 34,964 units.

Utilities Privatization and Energy Management

The Department seeks to reduce its energy consumption and associated costs, while improving utility system reliability and safety. The Department has developed a comprehensive energy strategy and issued new policy guidance that will continue to optimize utility management by conserving energy and water usage, improve energy flexibility by taking advantage of restructured energy commodity markets when opportunities present themselves, and modernize our infrastructure by privatizing our deteriorated and outdated utilities infrastructure where economically feasible. The comprehensive energy strategy supports the use of meters to manage energy usage at locations where the monitoring justifies the cost of installing, maintaining and reading the meter. Metering in itself does not save energy, however, use of meters can be beneficial to determine accurate billing, perform diagnostic maintenance, and enhance energy management by establishing baselines, developing demand profiles, ensuring accurate measurement for reporting, and providing feedback to users.



DOD, as the largest single energy consumer in the Nation, consumes over \$2.8 billion of energy per year. Conserving energy and investing in energy reduction measures makes good business sense and frees up resources for sustaining our facilities and for higher DOD priority readiness and modernization. Recent dramatic fluctuations in the costs of energy significantly impact already constrained operating budgets, providing even greater incentives to conserve and seek ways to lower energy costs. These include investments in cost-effective renewable energy sources or energy efficient construction designs, and aggregating bargaining power among regions and Services to get better energy deals.

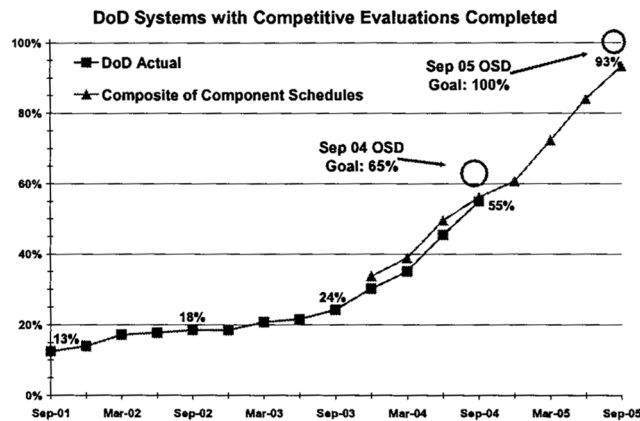
Conserving energy in today's high-priced market will save the Department money that can be better invested in readiness, facilities sustainment, and quality of life. Our efforts to conserve energy are paying off; in fiscal year 2004, military installations reduced consumption by 1.1 percent despite an 8.8 percent increase in the cost of energy commodities from fiscal year 2003. With a 26.8 percent reduction in stand-

ard building energy consumption in fiscal year 2004 from a 1985 baseline, the Department has deviated slightly from the track required to achieve the 2005 and 2010 facility energy reduction goals stipulated by E.O. 13123. This is mostly attributable to the lapse of Energy Savings Performance Contract (ESPC) authority which typically accounts for more than half of all facility energy savings. However, with ESPC authority reauthorized in the fiscal year 2005 National Defense Authorization Act, DOD has launched an aggressive awareness campaign and plan to get back on track to meet fiscal year 2010 reduction goals.

DOD has significantly increased its focus on purchasing renewable energy and developing resources on military installations. The Department has increased the use of Energy Conservation Investment Program (ECIP) funds for renewable energy projects from \$5 million and \$11 million in fiscal year 2003 and fiscal year 2004, respectively, to \$13 million and \$18 million in fiscal year 2005 and fiscal year 2006, respectively.

The Department has a balanced program for energy conservation—installing energy savings measures using appropriated funding and private-sector investment—combined with using the principles of sustainable design to reduce the resources used in our new construction. Energy conservation projects make business sense, historically obtaining about \$4 in life-cycle savings for every dollar invested. The fiscal year 2006 budget contains \$60 million for the ECIP program to implement energy saving measures in our existing facilities.

To improve utility systems, the Department has reaffirmed its preference to modernize military utility systems through privatization. The DOD Utilities Privatization Program has made solid progress over the past 2 years. The Services have greatly simplified and standardized the solicitation process for obtaining industry proposals. Request for Proposal (RfP) templates were clarified to improve industry's ability to obtain private sector financing and manage risks. Of 2,601 utility systems serving the DOD, 463 systems have been privatized and 733 were already owned by other entities. Over 950 systems are currently under solicitation as each Service and the Defense Logistic Agency continue aggressive efforts to reach privatization decisions on all systems.



Installations Support

The Installations Support function consists of two major programs: Installation Services (formerly referred to as “base operations support”) and Facilities Operations (formerly referred to as “real property services”). The current budget request of \$22.5 billion includes \$16.8 billion for Installations Services and \$5.7 billion for Facilities Operations in fiscal year 2006. The Defense Installations Strategic Plan articulates the need to define common standards and performance metrics for managing Installations Support. The Department has initiated an effort to define and model each subfunction of Facilities Operations (utilities, leases, custodial services, snow plowing and the like) by fully utilizing commercial benchmarks. For the more diverse tasks within Installation Services, the Department has established a cross-Departmental working group to examine definitions and budget structures.

Range Sustainment

In concert with the President's August 2004 Executive Order "Facilitation of Cooperative Conservation" the Department has developed a program of Compatible Land Use Partnering that promotes the twin imperatives of military test and training readiness and sound conservation stewardship through collaboration with multiple stakeholders. The executive order defines "cooperative conservation" as actions that relate to use, enhancement, and enjoyment of natural resources, protection of the environment, or both, and that involve collaborative activity among Federal, State, local, and Tribal governments, private for-profit and nonprofit institutions and other nongovernmental entities and individuals. The Department's Range Sustainment Program is fully consistent with the President's goals in this area. Section 2811 of the 2003 National Defense Authorization Act authorizes the Services to take a proactive role in developing programs to protect our installations and ranges from urban sprawl by working with States and non-governmental organizations to promote compatible land use through cooperative conservation efforts. This authority has enabled DOD to initiate the Readiness and Environmental Protection Initiative (REPI)—a multi-year program to sustain test and training space for our troops while simultaneously assisting in the protection of valuable habitat and open space. This program provides a lasting solution and a long-term framework for developing new policies, partnerships, and tools to assist communities and other interested stakeholders in executing compatible land use partnerships around our test and training ranges and installations, as well as work with our other Federal land-owners on cooperative conservation projects. In the coming years, military readiness will still require substantial resources, air, land, and water areas where military forces can test and train as they would fight. It is imperative that we be able to posture our test and training infrastructure for transformational and sustainable operations.

The Department appreciates greatly the \$12.5 million in fiscal year 2005 funding provided by Congress to fund the REPI program, and the military Services are already executing critical projects in many states. A recent agreement to address encroachment at Fort Carson, Colorado, and to enhance regional environmental conservation is one example of this win-win approach. Other projects are under consideration in Hawaii, at MCB Camp LeJeune, North Carolina, and in California and Florida. In fiscal year 2004, the Services implemented successful partnerships with State and nongovernmental organizations (NGOs) at locations such as NAS Pensacola (Navy and Escambia County), Camp Blanding (National Guard Bureau and State of Florida). These multi-faceted conservation partnerships will ensure the long-term sustainability of test and training centers supporting the military mission. Thus, the administration has requested \$20 million for the REPI program for fiscal year 2006 and we are in the process of refining the Service priorities for those funds. I have requested that the Services prepare and submit requirements associated with fiscal year 2007 and out-years to support a long-term funding strategy for the REPI program. These compatible land use partnering efforts will become even more critical to our ability to protect and preserve our test and training missions as we enter our post-BRAC transformational environment. We look forward to participation in the White House Cooperative Conservation Conference later this year to find ever more innovative ways to work with others to help secure critical test and training ranges. I look forward to working with Congress to ensure our ability to fulfill the important programming requirements for these new efforts.

Safety and Occupational Health

The Department is aggressively supporting the Secretary of Defense's (SECDEF) priority to reduce mishaps in DOD by implementing SOH management systems and by making it a priority in our Defense Installations Strategic Plan. Our programs focus on continuous incremental improvement in Safety and Health, but we're also involved in implementing significant changes in safety through our partnership with the Under Secretary of Defense for Personnel and Readiness, who chartered the Defense Safety Oversight Committee (DSOC). Together, we are leading DOD's efforts to cut mishaps in half by the end of fiscal year 2005. The DSOC, composed of senior leaders throughout the Department, is finding ways to decrease the detrimental effect on our readiness caused by mishaps. We are focusing on acquisition; base operating support; training; and deployment operations. For acquisition and training, the Army and Marine Corps is responding to deaths from high-mobility multipurpose wheeled vehicle (HMMWV) rollovers by acquiring improved seat belt systems for tactical vehicles and by training deployed soldiers and marines to improve their driving skills. For deployment health protection, we began a program for the factory treatment of Army and Marine Corps combat uniforms with permethrin. This will provide protection against mosquitoes, and the diseases that they transmit, for the

life of the uniform. Factory treatment ensures that all uniforms are treated and deployment-ready and that soldiers are not exposed to concentrated pesticides.

ENVIRONMENTAL MANAGEMENT

The Department continues to be a leader in every aspect of environmental management. We are proud of our environmental program at our military installations and are committed to pursuing a comprehensive environmental program.

Environmental Management Systems

To make our operations more efficient and sustainable across the Department, we are continuing our aggressive efforts to implement environmental management systems (EMS) based on the “plan-do-check-act” framework of the international standard for EMS (ISO 14001). We are embedding environmental management as a systematic process, fully integrated with mission planning and sustainment. This transformation is essential for the continued success of our operations at home and abroad. Implementing EMS will help preserve range and operational capabilities by:

- creating a long-term, comprehensive program to sustain training and testing capability while maintaining healthy ecosystems;
- conducting environmental range assessments to ensure that we protect human health and the environment; and
- funding and implementing the Integrated Natural Resource Management Plans (INRMP) for our ranges.

In addition, EMS will help maintain and preserve our historic properties, archaeological resources, Native American, and other cultural assets for the benefit of future generations. Today, DOD has a large inventory of historic properties: 75 National Historic Landmarks, and nearly 600 places on the National Register of historic places, encompassing more than 19,000 individual properties, including buildings, structures, objects, and sites located at over 200 installations. Over the next two decades, tens of thousands more buildings will reach an age requiring evaluation of their historical significance.

ENVIRONMENTAL PROGRAM—SUMMARY OF REQUEST ³

[President's budget in millions of dollars—budget authority]

	Fiscal Year 2005 As Appropriated	Fiscal Year 2006 Request
Environmental Restoration	1,352	1,370
BRAC Environmental ⁴	328	449
Compliance	1,666	1,561
Pollution Prevention	142	143
Conservation	175	205
Technology	274	206
International ⁵	3	3
TOTAL	3,937	3,934

³ Includes operations and maintenance, procurement, RDT&E, and military construction funding.

⁴ Funding levels reflect total requirement.

⁵ International is included in Pollution Prevention and Compliance.

In fiscal year 2006, the budget request includes \$3.9 billion for environmental programs. This includes \$1.4 billion for cleanup, \$0.4 billion for BRAC environmental, \$1.6 billion for compliance; about \$0.1 billion for pollution prevention, and about \$0.2 billion each for conservation and environmental technology.

Managing Cleanup

The Department is committed to the cleanup of property contaminated by hazardous substances, pollutants, and military munitions. We have achieved remedy in place or restoration complete at 15,950 out of 19,710 sites on active installations. At the end of fiscal year 2004, 4,046 out of the 4,832 BRAC sites requiring hazardous waste remediation have a cleanup remedy constructed and in place, or have had all necessary cleanup actions completed in accordance with Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) standards. Hazardous waste cleanup at Formerly Used Defense Sites (FUDS) achieved remedy in place or response complete at 1,539 out of the 2,647 sites.

Managing Compliance and Preventing Pollution

The Department is committed to going beyond mere compliance. But compliance with existing laws and regulations is the base line for our program and we continue to plan and fund for this requirement. Our ability to meet these compliance driven goals continues to improve. In a letter to the editor of USA Today, acting Environmental Protection Agency (EPA) Assistant Administrator Skinner publicly complemented the Department by stating, "The DOD has been a leader in pollution prevention and implementing environmental-management systems that serve as models for other facilities." Pollution prevention techniques continue to save the Department needed funds as well as reduce pollution. The Department continues to demonstrate pesticide use risk reduction on installations and was recognized by the EPA as Pesticide Environmental Steward Program Champion, for the third year in a row.

Emerging Contaminants

In January 2005 the National Academy of Sciences (NAS) released a review of the science used to determine the public health risks from perchlorate, a chemical with important national defense applications due to its use in missile and rocket propellants, munitions, pyrotechnics, and flares which was funded jointly by DOD, DOE, EPA, and NASA. Even before the start of the NAS study, Federal agencies were working hard to understand and address potential risks of perchlorate. The NAS report yielded an independent assessment of the available science. Now Federal agencies will be able to take actions based on sound science to address the issue of perchlorate in our Nation's drinking water supply.

We continue to develop more comprehensive strategies to enable us to protect public health while sustaining our assets and better managing our liabilities. In 2004, in advance of any legally promulgated standard for perchlorate, the Department issued a policy to sample for perchlorate that has enabled the Department to better characterize the nature and extent of perchlorate plumes associated with its facilities. Over the last year, a joint effort between the Department and the State of California yielded a sampling prioritization protocol to ensure that active and former DOD sites with the greatest potential to cause a perchlorate-based health threat were investigated first. All current and formerly used DOD sites have now been jointly assigned a priority for sampling according to that protocol.

The Department is moving ahead with efforts directed toward removing perchlorate from the environment. In advance of any requirement, DOD proactively initiated remediation demonstration projects at several sites in California, Texas, and Massachusetts. We have taken corrective measures to ensure proper disposal and added additional wastewater treatment to manufacturing facilities using perchlorate. We continue to fund remediation technology research and, this year, we launched a \$9.5 million wellhead treatment demonstration effort with several Southern California communities. The Army's effort to find substitutes for some of its training uses of perchlorate is also yielding positive results.

We are using these comprehensive approaches as a model to more proactively and cooperatively address other emerging contaminants such as trichloroethylene (TCE) and Royal Demolition Explosive (RDX). The Department continues to engage with other agencies in a sustained collaborative effort to address emerging contaminants by creating mutually satisfactory sustainable solutions. Last fall, DOD began working with the Environmental Council of States to define opportunities for States, DOD, DOE, and EPA to address emerging contaminants more effectively in the future.

BUSINESS TRANSFORMATION

Business Management Process Transformation

The Business Management Modernization Program (BMMP) was established 3 years ago and has made significant progress in establishing key foundational elements necessary to enable broad business transformation across the Department. In April 2003, the DUSD (I&E) was designated as the Domain Owner for the Installations and Environment Domain of BMMP. Because the foundation is now laid, the program is redefining itself to focus on facilitating rapid delivery of DOD Enterprise capabilities.

The I&E Domain has achieved significant accomplishments over the past year. We developed a real property unique identification concept that will enable greater visibility of real property assets and associated financial resources. Our efforts focused on reengineering the business process for real property inventory, resulting in standard data elements and data definitions for physical, legal and financial attributes of real property. Our efforts also produced, for the first time in DOD, an end-to-end process of real property management that articulates the interfaces with

real property asset accountability and financial records. Our focus on data (data strategies, elements, and definitions) will facilitate rapid implementation of the real property inventory capability upon deciding on our systems implementation strategy. Additionally, we developed a process model for environmental liabilities recognition, valuation, and reporting that contributes to our overall auditability. During this past year, we also established the Defense Installation Spatial Data Infrastructure project to implement DOD-wide policies and resource oversight for geospatial information resources that support the Installations and Environment business mission area.

During this fiscal year, we will conduct an analysis of system alternatives and prepare a transition plan to determine the best implementation strategy for the real property inventory reengineering effort. We will continue to make improvements across the Department in managing hazardous material by developing an enterprise-wide procedure for hazardous materials management. We will define I&E geospatial information needs and continue to minimize redundant acquisition of I&E geodata resources. Lastly, we are aggressively working to put into operation a DOD registry for physical locations. This registry will identify all DOD sites with a unique identifier and will be associated with firm boundary information. The registry will be available across the DOD enterprise and to potential users include the warfighting community and business mission areas. The site registry will allow for personnel and weapons system information systems to be linked to DOD's sites.

Competitive Sourcing

Competition is a driving force within the American economy, causing organizations to improve quality, reduce cost, and provide rapid delivery of better products and services. The President's Management Agenda identifies Competitive Sourcing as one of the five primary Federal initiatives. The Department of Defense has long been the Federal leader in using public-private competition under the process defined by OMB Circular A-76 to decide the least costly and most efficient source for commercial functions. It is essential that we continue to utilize the process, where it makes good military and business sense, to improve support to the warfighter and increase readiness. Many important base support functions fall into this category. The fiscal year 2006 budget supports continued use of the improved process described in the recent revision to OMB Circular A-76 competitions for functions involving approximately 100,000 full time equivalents (FTE). This will allow achievement of the Department's targets in the President's Management Agenda.

CONCLUSION

The Department is transforming its installations and business practices through an asset management strategy, and we are now seeing the results of that transformation. We are achieving the President's goal to provide quality housing for our service members and their families, and we have made positive progress toward our goal to prevent deterioration and obsolescence and to restore the lost readiness of our facilities. We also are transforming our environmental management to become outcome oriented, focusing on results. We are responding vigorously to existing encroachment concerns and are putting a long-term installation and range sustainment strategy into effect.

The Base Realignment and Closure effort leading to the delivery of the Secretary's recommendations to the independent Base Closure Commission in May 2005 is a key means to transform our infrastructure to be more flexible to quickly and efficiently respond the challenges of the future. Together with the Global Defense Posture Review, BRAC 2005 will make a profound contribution to transforming the Department by rationalizing our infrastructure with Defense strategy.

In short, we have achieved significant accomplishments over the past few years, and we are well on our way to achieving our goals across the Installations and Environment Community. In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight our successes and outline our plans for the future. I appreciate your continued support of our installations and environment portfolio, and I look forward to working with you as we transform our plans into actions.

Senator ENSIGN. Mr. Prosch.

**STATEMENT OF GEOFFREY G. PROSCH, PRINCIPAL DEPUTY
ASSISTANT SECRETARY OF THE ARMY FOR INSTALLATIONS
AND ENVIRONMENT**

Mr. PROSCH. Chairman Ensign, Ranking Member Akaka, I am very pleased to appear before you today. Accompanying me are my installation management partners sitting behind me: Major General Geoff Miller from the active Army, Major General Walt Pudlowski from the Army National Guard, and Brigadier General Gary Profit from the Army Reserve.

This is my fourth year to have this distinct honor to represent our great Army and testify before Congress. It is wonderful to be here today with friends and Army supporters from this committee. I look forward to the opportunities this committee brings toward leveraging enhanced quality of life for our soldiers and families.

We have provided a written statement for the record that provides details on our Army's fiscal year 2006 military construction budget.

On behalf of the Army installation management team, I would like to comment briefly on the highlights of our program.

We begin by expressing our appreciation for the tremendous support that Congress has provided to our soldiers and their families who are serving our country around the world. We are a Nation and an Army at war, and our soldiers would not be able to perform their missions so well without your sustained support.

We have submitted a military construction budget of \$3.3 billion that will fund our highest priority active Army, Army National Guard, and Army Reserve facilities, along with our family housing requirements.

This budget request supports our Army vision which encompasses current readiness, transformation, and people. As we are fighting the global war on terrorism, we are simultaneously transforming to be a more relevant and ready Army. We are on a path with the transformation of installation management that will allow us to achieve these objectives. We currently have hundreds of thousands of soldiers mobilizing and demobilizing, deploying and redeploying. More troops are coming and going on our installations than in any era since World War II. Our soldiers and installations are on point for the Nation.

On a special note, I would ask that you keep our forward deployed soldiers in your thoughts and prayers. New forces have rotated recently to Iraq. The 3rd Infantry Division and the 3rd Armored Cavalry Regiment have returned for a second tour of duty. The 42nd Infantry Division, Army National Guard, from New York has deployed, and the enemy will be testing them early on.

The Army recently identified key focus areas to channel our efforts to win the global war on terrorism and to increase the relevance and readiness of our Army. One of our focus areas is installations as flagships which enhances the ability of our Army installations to project power and support families. Our installations support an expeditionary force where soldiers train, mobilize, and deploy to fight and are sustained as they reach back for enhanced support. Soldiers and their families who live on and off the installation deserve the same quality of life as is afforded the society they are pledged to defend. Installations are a key ingredient to

combat readiness and well-being. Our worldwide installation structure is critically linked to Army transformation and the successful fielding of the modular force. Military construction is a critical tool to ensure that our installations remain relevant and ready.

Our fiscal year 2006 military construction budget will provide the resources and facilities necessary for continued support of our mission. Let me summarize what this budget will provide for our Army: new barracks for 5,190 soldiers; adequate on-post housing for 5,800 Army families; increased military construction (MILCON) funding for the Army National Guard and Army Reserve over last year's request; new readiness centers for over 3,300 Army National Guard soldiers; new Reserve centers for over 2,700 Army Reserve soldiers; a \$292 million MILCON investment in training ranges; and facilities support and improvements for our Stryker brigades.

With the sustained and balanced funding represented by this budget, our long-term strategies will be supported. With your help, we will continue to improve soldier and family quality of life while remaining focused on our Army's transformation to the future force.

In closing, Mr. Chairman, we thank you for the opportunity to outline our program. As I have visited Army installations, I have witnessed progress that has been made. We attribute much of this success directly to the longstanding support of this committee and your staff. With your continued assistance, our Army pledges to use fiscal year 2006 MILCON funding to remain responsive to our Nation's needs.

Thank you for the opportunity to appear before this subcommittee and answer any questions you may have.

[The prepared statement of Mr. Prosch follows:]

PREPARED STATEMENT BY GEOFFREY G. PROSCH

INTRODUCTION

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss our Army's Military Construction budget for fiscal year 2006. Our request includes initiatives and sustainment of programs of critical importance to our Army, Congress, and the global war on terrorism, and we appreciate the opportunity to report on them to you. We would like to start by thanking you for your unwavering support to our soldiers and their families who serve our Nation around the world. Their courage and sacrifices remain the foundation of our Army, and they would not be able to perform their global missions so successfully without your steadfast support.

OVERVIEW

Installations are the home of combat power—a critical component to the Nation's force capabilities. The Department of Defense and our Army are working to ensure that we deliver cost-effective, safe, and environmentally sound capabilities and capacities to support the national defense mission.

Today, U.S. forces are engaged worldwide in a war against global terror. Operations Enduring Freedom and Iraqi Freedom clearly underscore the need for a joint, integrated military force ready to defeat all threats to U.S. interests. To meet the security challenges of the 21st century, we require the right blend of people, weapons, and support systems. Regarding support systems, we need a global framework of Army installations, facilities, ranges, airfields and other critical assets that are properly distributed, efficient, and capable of ensuring that we can successfully carry out the roles, missions, and tasks that safeguard our security at home and overseas.

The Army's installations framework is multi-purposed. It must sustain the regular forward presence of U.S. forces as well as their emergency deployment in crisis, contingency, and combat. It must have the surge capacity to support the mobiliza-

tion and demobilization of our Army Reserve component forces. It must also focus 10 to 20 years into the future to develop technologically advanced, affordable, and effective joint systems and platforms and develop highly qualified and committed installation management personnel who will operate and maintain them. Our framework must provide a productive, safe, and efficient workplace and offer a decent quality of service and facilities for our soldiers and their families (comparable to the American citizens off post they are pledged to defend).

We recognize the enormity of the task to provide the right installations framework given the other competing funding programs. We are challenged to find the optimum management approach that balances the many purposes of our assets. For example, while our installations retain their primary military mission to organize, train and equip our forces, they also are home to rare species of plants and animals while experiencing encroachment from outside civilian communities. Our stewardship thus embraces the joint warfighting requirements of the combatant commanders with environmental management and stewardship of our Earth.

DEFENSE INSTALLATIONS STRATEGIC PLAN

In August 2001, the Department of Defense issued the first-ever Defense Installations Posture Statement along with the initial Defense Facilities Strategic Plan. Those concepts and initiatives have guided the Department's programs and budgets and enabled substantial improvements in the management and sustainability of our installation assets. However, the attacks of September 11, 2001, and the ongoing global war on terrorism significantly altered our requirement for homeland security. The Department of Defense 2004 Installations Strategic Plan significantly expands the scope and depth of the initial Strategic Plan. The expanded scope reflects the integral relationship between natural and manmade assets on our installations. It advances the integration of installations and the environmental, safety, and occupational health activities to enhance overall support of the military mission.

Our vision is to ensure installation assets and services are available when and where needed, with joint capabilities and capacities necessary to effectively and efficiently support DOD missions.

Our mission is to provide, operate, and sustain, in a cost-effective and environmentally sound manner, the installation assets and services necessary to support our military forces—in both peace and war.

Our goals include the following:

Right Size and Place: Locate, size, and configure installations and installation assets to meet the requirements of both today's and tomorrow's force structure.

Right Quality: Acquire and maintain joint Army installation assets to provide good, safe, and environmentally sound living and working places, suitable base services, and effective support for current and future missions.

Right Safety and Security: Protect Army installation assets from threats and unsafe conditions to reduce risk and liabilities.

Right Resources: Balance requirements and resources—money, people, and equipment—to optimize life-cycle investments and reduce budget turbulence.

Right Tools and Metrics: Improve portfolio management and planning by embracing best business practices, modern asset management techniques, and performance assessment metrics.

THE WAY AHEAD

Army installations are the home of U.S. combat power and are an inseparable element of the Nation's military readiness and wartime effectiveness. From our installations, we generate the combat power required today and develop the combat power that will be needed in the future. To operate installations effectively and efficiently, we must sustain, restore, and modernize all of our installation assets and services—all the natural and manmade assets associated with owning, managing, and operating an installation, including the facilities, people, and internal and external environments.

Our plan is to deliver a framework of installations, facilities, ranges, and other critical assets that is properly distributed, efficient, and capable of ensuring that we can successfully carry out the roles, missions, and tasks that safeguard our security at home and overseas. We have made good progress in many areas, but much remains to be done. America's security depends upon installation assets that are available when and where needed and with the right capabilities to support current and future mission requirements. As the Guardians of Army installations and environ-

ment, we embrace transformation as the only way to guarantee these capabilities are delivered—effectively and efficiently.

ARMY INSTALLATION STRATEGIES

To improve our Army's facilities posture, we have undertaken specific initiatives to focus our resources on the most important areas—Barracks, Family Housing, Revitalization/Focused Facilities, Range and Training Land Strategy, and Current to Modular Force.

Barracks Modernization Program

Our Army is in the 12th year of its campaign to modernize barracks to provide 136,000 single enlisted permanent party soldiers with quality living environments. The new complexes meet the Department of Defense "1+1" or equivalent standard by providing two-soldier suites, increased personal privacy, larger rooms with walk-in closets, new furnishings, adequate parking, landscaping, and unit administrative offices separated from the barracks.

Army Family Housing

This year's budget continues our significant investment in our soldiers and their families by supporting our goal to have contracts and funding in place to eliminate inadequate housing by fiscal year 2007 in the U.S. and by fiscal year 2008 overseas. For families living off-post, the budget for military personnel maintains the basic allowance for housing that eliminates out-of-pocket expenses.

Revitalization/Focused Facilities

Building on the successes of our housing and barracks programs, we are moving to improve the overall condition of Army infrastructure with the Focused Facility Strategy. The Installation Status Report is used to determine facilities quality ratings of C-1 to C-4 based on their ability to support mission requirements.

Installation Status Report – Facilities Quality Ratings	
<u>C-1</u>	Minor deficiencies that have negligible impact on mission performance
<u>C-2</u>	Some deficiencies that have limited impact on mission performance
<u>C-3</u>	Significant deficiencies that prevent performance of some missions
<u>C-4</u>	Major deficiencies that preclude satisfactory mission performance

We are a C-1 Army living and working in C-3 facilities. Our goal is to reach an overall Army average of C-2 quality by concentrating on seven types of C-3 and C-4 facilities. These focus facilities are general instruction buildings, Army National Guard Readiness Centers, Army Reserve Centers, tactical vehicle maintenance shops, training barracks, physical fitness centers, and chapels.

Army Range and Training Land Strategy

Ranges and training lands enable our Army to train and develop its full capabilities to ensure our forces are relevant and ready. Our Army Range and Training Land Strategy supports the Department of Defense's training transformation goals, Army transformation, and our Army's Sustainable Range Program. The Strategy identifies priorities for installations requiring resources to modernize ranges, mitigate encroachment, and acquire training land.

Current to Modular Force

The fiscal year 2006 budget includes projects to ensure that our "training battlefields" continue to meet the demands of force structure, weapons systems, and doctrinal requirements. As of fiscal year 2005, we have constructed or funded 80 percent of the Military Construction requirements for the Stryker Brigade Combat Teams.

Leveraging Resources

Complementary to these budget strategies, the Army also seeks ways to leverage scarce resources and reduce our requirements for facilities and real property assets. Privatization initiatives such as Residential Communities Initiative (RCI), Utilities Privatization, and build-to-lease family housing in Europe and Korea represent high payoff programs which have substantially reduced our dependence on investment funding. We also benefit from agreements with Japan, Korea, and Germany where the Army receives host nation funded construction.

In addition, Congress has provided valuable authorities to utilize the value of our non-excess inventory under the Enhanced Use Leasing program and to trade facilities in high cost areas for new facilities in other locations under the Real Property Exchange program. In both cases, we can capitalize on the value of our existing assets to reduce unfinanced facilities requirements.

Looking toward the immediate future, we are aggressively reviewing our construction standards and processes to align with industry innovations and best practices. In doing so, we hope to deliver more facilities capability at comparable costs and meet our requirements faster.

MILITARY CONSTRUCTION

Our Army's fiscal year 2006 budget request includes \$3.3 billion for Military Construction appropriations and associated new authorizations.

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Military Construction Army (MCA)	\$1,262,719,000	\$1,479,841,000	\$1,479,841,000
Military Construction Army National Guard (MCNG)	N/A	\$327,012,000	\$327,012,000
Military Construction Army Reserve (MCAR)	N/A	\$106,077,000	\$106,077,000
Army Family Housing (AFH)	\$549,636,000	\$1,362,629,000	\$1,362,629,000
TOTAL	\$1,812,355,000	\$3,275,559,000	\$3,275,559,000

MILITARY CONSTRUCTION, ARMY (MCA)

The Active Army Fiscal Year 2006 Military Construction request is \$1,262,719,000 for authorization and \$1,479,841,000 for authorization of appropriations and appropriation. As was the case last year, we have included only minimal, critical, overseas projects in this year's budget. These projects will provide the infrastructure necessary to ensure continued soldier readiness and family well-being that is essential throughout any period of transition.

People Projects

The well-being of our soldiers, civilians, and families is inextricably linked to our Army's readiness. We are requesting \$759 million or 51 percent of our MCA budget for projects to improve well-being in significant ways.

Our Army continues to modernize and construct barracks to provide enlisted single soldiers with quality living environments. This year's budget includes 19 barracks projects to provide new or improved housing for 5,190 soldiers. With the approval of \$716 million for barracks in this budget, 85 percent of our requirement will be funded at the "1+1" or equivalent standard. We are making considerable progress at installations in the United States, but will only fund high-priority projects at enduring installations in Europe and Korea.

We are requesting full authorization of \$331 million for multi-phased barracks complexes, but requesting only \$156 million in appropriations for these projects in fiscal year 2006. Our plan is to award each complex, subject to subsequent appropriations, as single contracts to gain cost efficiencies, expedite construction, and provide uniformity in building systems.

We are also requesting the second increment of funding, \$21 million for a Basic Combat Training Complex that was fully authorized last year. This complex will house 1,200 basic trainees and provide company and battalion headquarters with classrooms and an exterior physical fitness training area. The fiscal year 2006 budget also includes a physical fitness center for \$6.8 million and a child development center for \$15.2 million.

Current Readiness Projects

Projects in our fiscal year 2006 budget will enhance training and readiness by providing arrival/departure facilities, maintenance facilities, and the second phase of a library and learning center. We will also construct combined arms collective training facilities, shoot houses, an infantry platoon battle course, a qualification training range, a multipurpose squad course, a digital multipurpose training range,

urban assault courses, and a modified record fire range. These facilities will provide our soldiers realistic, state-of-the-art live fire training. We are requesting a total of \$424 million for these high priority projects.

Modular Force Projects

Our budget supports transformation of the Army to a modern, strategically responsive force. Projects include a road upgrade, a tactical vehicle wash facility, a battle area complex, a modified urban assault course, and a vehicle maintenance facility. Our budget contains \$115 million for these projects.

Other Worldwide Support Programs

The fiscal year 2006 MCA budget includes \$141 million for planning and design of future projects. As executive agent, our Army also provides oversight of design and construction for projects funded by host nations. The fiscal year 2006 budget requests \$20 million for oversight of approximately \$800 million of host nation funded construction in Japan, Korea, and Europe for all Services.

The fiscal year 2006 budget also contains \$20 million for unspecified minor construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

Our Army National Guard's Fiscal Year 2006 Military Construction request for \$327,012,000 (for appropriation and authorization of appropriations) is focused on Current Readiness, Modular Force, and other worldwide and unspecified programs.

Current Readiness Projects

In fiscal year 2006, our Army National Guard has requested \$71.6 million for six projects to support current readiness. These funds will provide the facilities our soldiers require as they train, mobilize, and deploy. Included are one readiness center, two maintenance facilities, two training projects, and a training range environmental mitigation project.

Modular Force Projects

This year, our Army National Guard is requesting \$201.7 million for 37 projects to transform to a Modular Force. There are 13 projects for our Army Division Redesign Study, three for Aviation Transformation to provide modernized aircraft and change unit structure, four for the Army Range and Training Land Strategy, and 17 for the Stryker Brigade Combat Team initiative.

Other Worldwide Support Programs

The fiscal year 2006 MCNG budget also contains \$46.1 million for planning and design of future projects, along with \$7.6 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY RESERVE (MCAR)

Our Army Reserve's Fiscal Year 2006 Military Construction request for \$106,077,000 (for appropriation and authorization of appropriations) is for Current Readiness and other worldwide unspecified programs.

Current Readiness Projects

In fiscal year 2006, our Army Reserve will invest \$56.4 million to construct four new Reserve Centers and the second phases of two other Reserve Centers; invest \$15.4 million to construct the first phase of a three-phase noncommissioned officer academy; and \$5.4 million for a Public Safety Center—for a total facility investment of \$77.2 million. Construction of the six Army Reserve Centers will support over 2,700 Army Reserve soldiers. In addition, our Army Reserve will invest \$11.5 million to construct six training ranges, which will be available for joint use by all Army components and military services.

Other Worldwide Unspecified Programs

The fiscal year 2006 MCAR budget request includes \$14.4 million for planning and design for future year projects. The fiscal year 2006 MCAR budget also contains \$3.0 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING CONSTRUCTION (AFHC)

Our Army's fiscal year 2006 family housing request is \$549,636,000 (for appropriation, authorization of appropriation, and authorization). It continues the successful and well-received Whole Neighborhood Revitalization initiative approved by Congress in fiscal year 1992 and supported consistently since that time, and our Residential Communities Initiative (RCI) program.

The fiscal year 2006 new construction program provides Whole Neighborhood replacement projects at seven locations in support of 709 families for \$231.7 million. In addition, we will replace 709 houses and upgrade another 1,112 using traditional military construction.

The Construction Improvements Program is an integral part of our housing revitalization and privatization programs. In fiscal year 2006, we are requesting \$162.4 million for improvements to 1,112 existing units at 3 locations in the United States and 5 locations in Europe, as well as \$138.0 million for scoring and direct equity investment in support of privatizing 3,606 units at 3 RCI locations.

In fiscal year 2006, we are also requesting \$17.5 million for planning and design for future family housing construction projects critically needed for our soldiers.

Privatization

RCI, our Army's Family Housing privatization program, is providing quality, sustainable housing and communities that our soldiers and their families can proudly call home. RCI is a critical component of our Army's effort to eliminate inadequate family housing in the U.S. The fiscal year 2006 budget provides support to continue implementation of this highly successful program.

We are leveraging appropriated funds and government assets by entering into long-term partnerships with nationally recognized private sector real estate development/management and homebuilder firms to obtain financing and management expertise to construct, repair, maintain, and operate family housing communities.

The RCI program currently includes 45 installations with a projected end state of almost 84,000 units—over 90 percent of the family housing inventory in the United States. By the end of fiscal year 2005, our Army will have privatized 29 installations with an end state of 60,000 homes. We have privatized over 50,000 homes through December 2004, and with your approval of the fiscal year 2006 budget, we will have privatized over 71,600 homes by the end of fiscal year 2006.

ARMY FAMILY HOUSING OPERATIONS (AFHO)

Our Army's fiscal year 2006 family housing operations request is \$812,993,000 (for appropriation and authorization of appropriations), which is approximately 59 percent of the total family housing budget. This account provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative.

Operations (\$138 million)

The operations account includes four subaccounts: management, services, furnishings, and a small miscellaneous account. All operations subaccounts are considered "must pay accounts" based on actual bills that must be paid to manage and operate family housing.

Utilities (\$132 million)

The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for family housing units. While the overall size of the utilities account is decreasing with the reduction in supported inventory, per-unit costs have increased due to general inflation and the increased costs of fuel. We continue to make steady progress in the privatization of utility systems/infrastructure on our installations.

Maintenance and Repair (\$309 million)

The maintenance and repair (M&R) account supports annual recurring maintenance and major maintenance and repair projects to maintain and revitalize family housing real property assets. Since most Family Housing operational expenses are fixed, M&R is the account most affected by budget changes. Funding reductions result in slippage of maintenance projects that adversely impacts on soldiers and family quality of life.

Leasing (\$214 million)

The leasing program provides another way of adequately housing our military families. The fiscal year 2006 budget includes funding for 13,190 housing units, in-

cluding existing section 2835 (“build-to-lease”—formerly known as 801 leases) project requirements, temporary domestic leases in the United States, and approximately 8,100 units overseas.

RCI Management (\$20 million)

The RCI management program provides funding for the implementation and oversight requirements for procurement, environmental studies, real estate support, portfolio management, and operation of the overall RCI program.

BASE REALIGNMENT AND CLOSURE (BRAC)

In 1988, Congress established the Defense Base Realignment and Closure Commission to ensure a timely, independent and fair process for closing and realigning military installations. Since then, the Department of Defense has successfully executed four rounds of base closures to rid the Department of excess infrastructure and align the military’s base infrastructure to a reduced threat and force structure. Through this effort, our Army estimates approximately \$10 billion in savings through 2005.

Our Army is requesting \$93.9 million in fiscal year 2006 for prior BRAC rounds (\$4.5 million to fund caretaking operations of remaining properties and \$89.4 million for environmental restoration). In fiscal year 2006, our Army will complete environmental restoration efforts at four installations, leaving nine remaining BRAC installations requiring environmental restoration. We also plan to dispose of an additional 1,119 acres in fiscal year 2006.

To date, our Army has disposed of 227,429 acres (88 percent of the total acreage disposal requirement of 258,607 acres). We have 31,186 acres remaining to dispose of at 21 installations. Our Army continues to save more than \$900 million annually from previous BRAC rounds. To date, the Army has spent \$2.6 billion on BRAC environmental restoration.

OPERATION AND MAINTENANCE

The fiscal year 2006 operation and maintenance budget includes funding for Sustainment, Restoration, and Modernization (S/RM) and Base Operations Support (BOS). The S/RM and BOS accounts are inextricably linked with our military construction programs to successfully support our installations. The Army has centralized the management of its installations assets under the Installation Management Agency (IMA) to best utilize operation and maintenance funding.

Sustainment, Restoration, and Modernization

S/RM provides funding for the active and Reserve components to prevent deterioration and obsolescence and restore the readiness of facilities on our installations.

Sustainment is the primary account in installation base support funding responsible for maintaining the infrastructure to achieve a successful readiness posture for our Army’s fighting force. It is the first step in our long-term facilities strategy. Installation facilities are the mobilization and deployment platforms of America’s Army and must be properly maintained to be ready to support current Army missions and future deployments.

The second step in our long-term facilities strategy is recapitalization by restoring and modernizing our existing facility assets. Restoration includes repair and restoration of facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration or modernization of facilities solely to implement new or higher standards, including regulatory changes, to accommodate new functions, or to replace building components that typically last more than 50 years, such as foundations and structural members.

Base Operations Support

This funds programs to operate the bases, installations, camps, posts, and stations for our Army worldwide. The program includes municipal services, government employee salaries, family programs, environmental programs, force protection, audio/visual, base communication services and installation support contracts. Army Community Service and Reserve component family programs include a network of integrated support services that directly impact soldier readiness, retention, and spouse adaptability to military life during peacetime and through all phases of mobilization, deployment, and demobilization.

Installation Management Agency

The Installation Management Agency (IMA) is a result of the Army leadership’s vision to streamline headquarters, create more agile and responsive staffs, reduce layers of review and approval, focus on mission, and transform the Army. IMA

brings together all installation support services under one umbrella to promote optimal care and support of soldiers and families. IMA is at the center of the Army's initiative to mold installation support functions into a corporate structure, enabling equitable, efficient, and effective management of Army installations worldwide. IMA supports readiness, promotes well-being, and preserves infrastructure and the environment.

In its first 2 years, IMA has been successful in executing the tasks associated with growing a new organization, while simultaneously supporting the global war on terrorism. In the upcoming year, IMA will continue to develop a cadre of leaders to orchestrate excellence in installation management; manage installations equitably, effectively, and efficiently; support the well-being of the Army's people; practice sound stewardship and resource management; deliver improved mission support to all organizations; and develop and sustain an innovative, team-spirited, highly capable, service-oriented workforce.

HOMEOWNERS ASSISTANCE FUND, DEFENSE

Our Army is the Department of Defense Executive Agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. For fiscal year 2006, there is no request for appropriations and authorization of appropriations. Requirements for the program will be funded from prior year carryover and revenue from sales of homes. Assistance will be continued for personnel at five installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities. The Fiscal Year 2006 Homeowners Assistance Program budget does not include resources for potential requirements that the new Base Realignment and Closure 2005 process may cause.

FISCAL YEAR 2005 SUPPLEMENTAL BUDGET REQUEST

The fiscal year 2005 supplemental request funds facilities that directly support the global war on terrorism in both the United States and overseas locations. It contains \$990.1 million in military construction for the Active component Army.

Within the Central Command area of operations in Afghanistan and Iraq, there are \$687.3 million for military construction projects. Projects in Afghanistan include barracks, a fuel storage tank farm and distribution system, joint operations center, power generation plant, and an ammunition supply point. Projects in Iraq include barracks, a tactical operations building, medical facilities, an overhead cover system for force protection, an equipment support activity, a battalion and company headquarters, a 60-mile supply route, and a project to encapsulate hazardous materials bunkers.

Within the Southern Command area of operations at Guantanamo Bay, Cuba, there is \$41.8 million for two military construction projects—a detention facility and a radio range security fence.

Within the United States, there is \$261 million for military construction relating to modularity. The projects, distributed to seven different locations, include site preparation and utility work, an aircraft maintenance hangar, an aircraft hangar, and mobilization and training barracks.

Additionally, the fiscal year 2005 supplemental budget includes \$248 million in Other Procurement, Army for relocatable buildings to provide temporary barracks, company operations, and dining and maintenance facilities at five locations in the United States. These are required to support our soldiers as they prepare for battle.

SUMMARY

Mr. Chairman, our fiscal year 2006 budget is a balanced program that supports our soldiers and their families, the global war on terrorism, Army transformation, readiness and Department of Defense installation strategy goals. We are proud to present this budget for your consideration because of what this \$3.3 billion fiscal year 2006 budget will provide for our Army:

- New barracks for 5,190 soldiers
- New housing for 5,800 families
- Management of 71,600 privatized homes
- Operation and sustainment of 48,000 government-owned and leased homes
- New or improved Readiness Centers for over 3,300 Army National Guard soldiers

- New Reserve Centers for over 2,700 Army Reserve soldiers
- Three Aviation Transformation projects
- \$292 million investment in training ranges
- Facilities support for two Stryker brigades
- Transfer/disposal of 88 percent of prior Base Realignment and Closure acreage

Our long-term strategies for installations will be accomplished through sustained and balanced funding, and with your support, we will continue to improve soldier and family quality of life, while remaining focused on our Army's transformation.

In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for our Army.

Senator ENSIGN. Secretary Penn.

**STATEMENT OF HON B.J. PENN, ASSISTANT SECRETARY OF
THE NAVY FOR INSTALLATIONS AND ENVIRONMENT**

Mr. PENN. Mr. Chairman, members of the subcommittee, it is a privilege for me to be here today. Being on the job for a little over a month, I assure you I will be very brief.

I believe you will find much good news on the Department of the Navy's installations and environmental programs from my written statement. I would like to talk about one specific aspect of our fiscal year 2006 budget request, the financing of our prior BRAC cleanup and caretaker needs with a mix of \$143 million in appropriated funds and an estimated \$133 million in land sale revenue.

It is important to view the fiscal year 2006 prior BRAC request in the context of the fiscal year 2005 request. The Department expected to finance the entire fiscal year 2005 prior BRAC program from the sale of the former Marine Corps Air Station El Toro, California and did not request or receive any appropriations in fiscal year 2005. The sale was delayed by unforeseen circumstances. Fortunately, the sale of portions of the former Marine Corps Air Station Tustin, California in 2003 gave the Department the financial flexibility to slow fiscal year 2004 program execution to conserve cash to cover its fiscal year 2005 environmental commitments, most of which are in the State of California.

With fiscal year 2005 execution depleting prior year BRAC funds, and the public auction of the El Toro property still a future event, the Department last fall opted to include appropriated funds in fiscal year 2006 to finance its minimum cleanup and caretaker needs, along with a conservative estimate for land sales revenue to accelerate environmental cleanup.

Although the auction of the El Toro property has now been completed, with the winning bid of nearly \$650 million, I must caution the members of this committee that there is still some measure of risk ahead until the Navy and the buyer complete the sales transaction at settlement. I want to emphasize that we cannot be absolutely sure of having land sales revenue until settlement occurs, which is planned for July. The buyer of a previous property in 2003 defaulted at settlement.

Even after settlement, our past experience is that it often takes well over 4 months for the sales proceeds to be processed through the Department of Defense accounting system before the funds are available to the Navy for program execution.

We still have a substantial cost to complete environmental cleanup primarily at closed bases in California and are developing plans to responsibly accelerate the cleanup. That would be our first prior-

ity for the use of land sales revenue. Even with the successful settlement of the El Toro property in July, we may still need some fiscal year 2006 appropriated funds, to finance first quarter program commitments.

I look forward to working with Congress on resolving this situation, along with the more challenging installations and facilities issues.

[The prepared statement of Mr. Penn follows:]

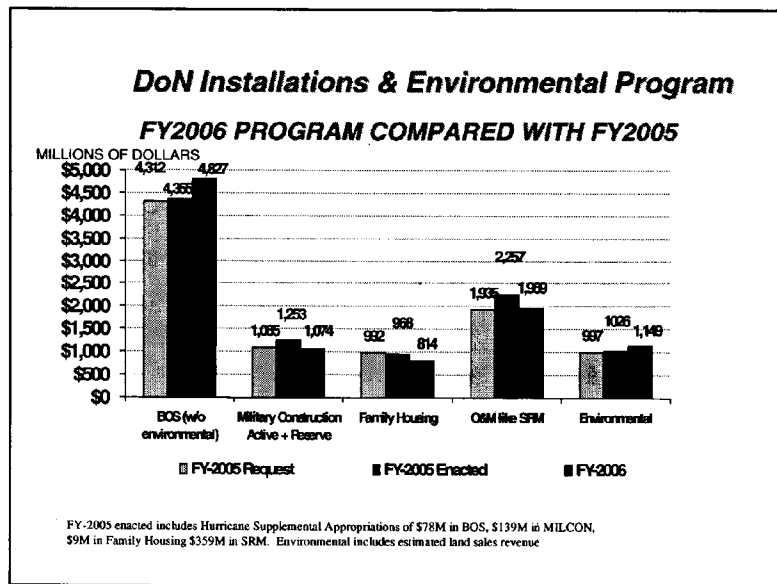
PREPARED STATEMENT BY HON. B.J. PENN

Mr. Chairman and members of the committee, I am pleased to appear before you today to provide you with an overview of the Navy and Marine Corps team's shore infrastructure and environmental programs.

FISCAL YEAR 2006 BUDGET OVERVIEW

Our bases and stations provide the essential services and functions that help us train and maintain our naval forces, and enhance the quality of life for our sailors, marines, and their families. Winning the global war on terrorism is our number one priority while we transform our force structure and business processes to meet the readiness needs of today and tomorrow. The Department of the Navy (DON) has a considerable investment in shore infrastructure: 104 installations in the continental United States and 18 overseas locations with a combined plant replacement value of about \$181 billion.

The DON fiscal year 2006 budget request for installations and environmental programs totals \$9.8 billion¹ and provides the funds to operate, recapitalize and transform our shore installations. In this budget, we have focused our efforts on balancing the risks across the operational, institutional, force management and future challenges identified by the Department and the Department of Defense (DOD).



The Base Operations Support (BOS) request of \$4.8 billion, excluding environmental which is shown separately, provides fundamental services such as utilities,

¹To avoid double counting in the graph, environmental is shown separately from BOS, and MILCON is shown separately from SRM funds

fire and security, air operations, port operations, and custodial care that enable the daily operations of our bases. The increase of \$471 million to the fiscal year 2005 enacted level is primarily due to functional transfers to properly align Navy Marine Corps Internet with Base Operating Support and program growth to accomplish utilities privatization preparation, improve overseas Morale, Welfare, and Recreation Programs supporting our forward deployed forces, and to restore funding required to execute shore mission support without degrading quantity or quality of support. We believe we have properly priced BOS to avoid execution year adjustments as we have experienced in the past. We are also working with the Office of the Secretary of Defense and the other components to define common standards and performance metrics for managing installations support.

Our Military Construction Navy and Naval Reserve request is a very robust \$1,074 million, about the same as the enacted fiscal year 2005 level of \$1,114 million after excluding the \$139 million the DON received in the Emergency Hurricane Supplemental Appropriations Act, 2005. This level of funding keeps us on track to eliminate inadequate bachelor housing, and provides critical operational, training, and mission enhancement projects.

The Family Housing request of \$813 million is about the same as the enacted fiscal year 2005 level of \$835 million after excluding the \$9 million the DON received in the Emergency Hurricane Supplemental. It provides \$219 million in family housing construction and improvements funds, 80 million above the enacted fiscal year 2005 level of \$139 million. Funds to operate, maintain, and revitalize the worldwide inventory of about 33,000 units total \$594 million, \$103 million less than the enacted fiscal year 2005 level (excluding the \$9 million in the Emergency Hurricane Supplemental), due to a decline of over 18,000 homes from the fiscal year 2005 level from our housing privatization efforts. The DON continues to fund Basic Allowance for Housing (BAH) at a level that eliminates average out-of-pocket housing expenses for service member. BAH makes finding affordable housing in the community more likely for our service members, and it helps our housing privatization efforts succeed.

Sustainment, Restoration, and Modernization (SRM) includes military construction and Operation and Maintenance funds. Our fiscal year 2006 request is \$71 million above the enacted fiscal year 2005 level without the Hurricane Supplemental. Sustainment funds the necessary maintenance and repairs needed to keep a facility in good working order over its expected service life. Facilities sustainment requirements are based on a DOD model. The fiscal year 2006 budget maintains 95 percent of the model requirement for Navy and Marine Corps bases. Restoration and Modernization funds regenerate the physical plant either through reconstruction or major renovation to keep the facility modern and relevant.

Our environmental program of \$1,149 million, comprised of a variety of operating and investment appropriations, climbs \$123 million above the fiscal year 2005 enacted level. Within this broad category, compliance accounts decline as a result of fewer one-time projects; conservation and pollution prevention funds remain steady; research and technology development decline by \$15 million as fiscal year 2005 congressional increases are not continued in fiscal year 2006; cleanup of active bases increases by \$39 million, primarily to support cleanup of the former Vieques training range in Puerto Rico. Of particular interest to this subcommittee, we have included \$143 million in fiscal year 2006 appropriations to cover prior BRAC minimum required environmental cleanup and caretaker costs. In preparing the budget, we also included \$133 million in estimated land sales revenue that would be used to accelerate prior BRAC cleanup efforts.

Here are some of the highlights of these programs.

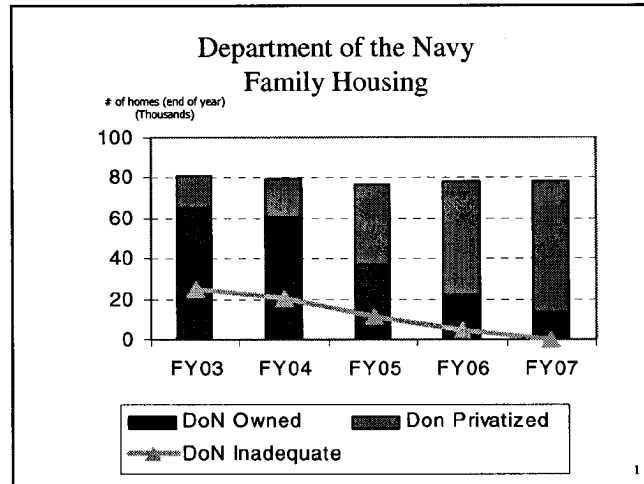
HOUSING

Our fiscal year 2006 budget request reflects the DON's continued commitment to improve living conditions for sailors, marines, and their families. We have programmed the necessary resources and expect to have contracts in place by the end of fiscal year 2007 to eliminate our inadequate family and bachelor housing.

Family Housing

Our family housing strategy consists of a prioritized triad:

- Reliance on the Private Sector. In accordance with longstanding DOD and DON policy, we rely first on the local community to provide housing for our sailors, marines, and their families. Approximately three out of four Navy and Marine Corps families receive a BAH and own or rent homes in the community.



- **Public/Private Ventures (PPVs).** With the strong support from this committee and others, we have successfully used statutory PPV authorities enacted in 1996 to partner with the private sector to help meet our housing needs through the use of private sector capital. These authorities allow us to leverage our own resources and provide better housing faster to our families.
- **Military Construction.** Military construction will continue to be used where PPV authorities don't apply (such as overseas), or where a business case analysis shows that a PPV project is not financially sound.

We will be able to eliminate 77 percent of our inadequate inventory through the use of public/private ventures. As of 1 March, we have awarded 15 projects totaling over 26,000 units. As a result of these projects, almost 17,500 homes will be replaced or renovated. An additional 2,700 homes will be constructed for Navy and Marine Corps families. Through the use of these authorities we have secured almost \$3.0 billion in private sector investment from \$300 million of DON funds for these 15 projects. This represents a leverage ratio of 10 to 1. During fiscal year 2005 and 2006, we plan to award projects totaling 29,000 homes at ten Navy and Marine Corps locations. This will allow us to improve our housing stock and provide more homes to sailors, marines, and their families much faster than if we relied solely on traditional military construction. By the end of fiscal year 2007, the Navy and Marine Corps will have privatized 78 percent and 95 percent, respectively, of their worldwide housing stock.

Planned Privatization Projects		
FY	Location	# homes
USN		
05	Mid Atlantic	5,930
06	Midwest Regional	1,879
06	Southeast Regional I	4,437
06	San Diego Phase III	4,268
06	Oahu II	2,336
	SubTotal	18,850
USMC		
05	Camp Lejeune/Cherry Pt	3,426
05	29 Palms/Kansas City	1,510
06	MCB Hawaii	1,136
06	Camp Lejeune/Cherry Pt II	959
06	Camp Pendleton IV	3,359
	SubTotal	10,390
	DoN Total	29,240

Our fiscal year 2006 family housing budget includes \$219 million for family housing construction and improvements. This amount includes \$112 million as a government investment in family housing privatization projects. It also includes \$594 million for the operation, maintenance, and leasing of DON family housing.

Bachelor Housing

Our budget request of \$184 million for bachelor quarters construction projects continues the emphasis on improving living conditions for our unaccompanied sailors and marines. There are three challenges:

1. Provide Homes Ashore for our Shipboard Sailors. There are approximately 18,400 junior enlisted unaccompanied sailors worldwide who live aboard ship even while in homeport. The Navy has programmed funding through fiscal year 2008 to achieve its "homeport ashore" initiative by providing ashore living accommodations for these sailors. We will achieve this goal through a mix of military construction, privatization authorities, and, for interim, more intensive use of our barracks capacity by housing two members per room. Our fiscal year 2006 budget includes three "homeport ashore" projects: \$7.8 million at Naval Station Mayport, FL (216 spaces); \$50 million at Naval Station, Everett, WA (818 spaces); and \$13.7 million at Naval Amphibious Base Coronado, CA (800 spaces), which is planned for privatization. The funds would be used as a Government cash contribution to a public/private entity.

2. Ensure our Barracks Meet Today's Standards for Privacy. We are building new and modernizing existing barracks to increase privacy for our single sailors and marines. The Navy uses the "1+1" standard for permanent party barracks. Under this standard, each single junior sailor has his or her own sleeping area and shares a bathroom and common area with another member. To promote unit cohesion and team building, the Marine Corps was granted a waiver to adopt a "2+0" configuration where two junior marines share a room with a bath. The Navy will achieve these barracks construction standards by fiscal year 2016; the Marine Corps by fiscal year 2012. We are pursuing a waiver of the "1 + 1" standard to allow us to build an enlisted barracks project in Norfolk to private sector standards. We believe this will reduce construction costs, improve amenities, and facilitate opportunities to privatize barracks in the future.

3. Eliminate gang heads. The Navy and Marine Corps remain on track to eliminate inadequate barracks with gang heads² for permanent party personnel. The Navy achieves this goal by fiscal year 2007, the Marines by fiscal year 2005.

BQ Privatization

We are applying authority provided to us by Congress to proceed with three pilot unaccompanied housing privatization projects. We issued a solicitation for our first project at San Diego in September 2004 and received very positive responses from industry. We will soon take the next step to narrow the field and invite up to four highly qualified offerors to submit detailed technical and financial proposals. We

² Gang heads remain acceptable for recruits and trainees.

plan to select a single proposal by late spring 2005 and make an award in January 2006 after notifying Congress.

We intend to notify Congress of our intent to issue a solicitation for our second pilot project—at Hampton Roads, Virginia—in the very near future. We have also initiated a concept development for our third pilot project to provide unaccompanied housing in the Pacific Northwest.

MILITARY CONSTRUCTION

Military Construction Projects

The DON fiscal year 2006 Military Construction program requests appropriations of \$1,029 million, consisting of \$830 million for Navy, \$169 million for Marine Corps, and \$30 million for planning and design. The authorization request totals \$1,078 million. Our fiscal year 2006 budget uses \$92 million in prior year savings identified during budget formulation to finance additional military construction needs above the fiscal year 2006 appropriation request. Fiscal year 2006 projects were properly priced consistent with the analysis that identified the prior year savings. The Naval and Marine Corps Reserve Military Construction appropriation and authorization request is \$45 million.

The active Navy program consists of:

- \$218 million for eight Chief of Naval Operations projects for Homeport Ashore, Great Lake Recruit Training Command recapitalization and the Naval Academy.
- \$215 million for seven waterfront and airfield projects.
- \$92 million for three special weapons protection projects.
- \$239 million for 12 projects supporting new weapons systems such as F/A 18 E/F, V-22, H60R/S, and VXX.
- \$58 million for four mission enhancement projects such as the Pacific Warfighting Center at Naval Station Pearl Harbor, HI; and
- \$9 million for one environmental compliance project at Naval Air Station Pensacola, FL.

The active Marine Corps program consists of:

- \$58 million for two barracks, one mess hall and one fire safety quality of life project.
- \$25 million in a continuing effort to correct wastewater environmental compliance violations at Camp Pendleton, CA.
- \$54 million for three airfield recapitalization projects at Marine Corps Air Station Quantico, VA, including the second increment of funding to replace 1930's vintage HMX maintenance hangars and a parking apron.
- \$18 million for four projects to provide maintenance facilities, including the new Assault Breacher Vehicle at Camp Pendleton, CA and Camp Lejeune, NC; hot refueling for rotary wing aircraft at MCAS Yuma, AZ; and critical training for Marines with a Multi-Purpose Machine Gun Range at Camp Lejeune, NC.
- \$14 million for five projects that cover a broad range of facility improvements, e.g., main gate access and inspection; encroachment remedies; missile storage.

The Naval and Marine Corps Reserve program consists of two joint Reserve centers, a Marine Corps Reserve centers, a Marine Reserve-training center, and a hanger modification.

Fourteen Navy and two Marine Corps³ projects have construction schedules exceeding 1 year and cost more than \$50 million, thus meeting the DOD criteria for incremental funding in the fiscal year 2006 budget. Seven Navy and one Marine Corps projects received full authorization in fiscal year 2004 or fiscal year 2005 and are being continued or completed in fiscal year 2006. The budget request new authorization to start seven Navy and two Marine Corps incrementally funded projects in fiscal year 2006.

Outlying Landing Field, Washington County, North Carolina

The new F/A-18E/F Super Hornet is replacing F-14 and older F/A-18C aircraft. A Navy Environmental Impact Statement (EIS) examined alternatives for homebasing these new aircraft on the east coast, opting to base eight tactical squadrons and a fleet replacement squadron at Naval Air Station Oceana, VA, and two tactical squadrons at Marine Corps Air Station, Cherry Point, NC.

³The budget also incrementally funds a \$14 million Marine Corps project.

This homebasing decision requires a new Outlying Landing Field (OLF) to support fleet carrier landing practice training. The current site near Virginia Beach, VA is not as effective for night-time training due to ambient light sources, and it lacks the capacity to handle a training surge such as experienced for the war on terrorism and Operation Iraqi Freedom. The Navy selected a site in Washington County, North Carolina, about halfway between NAS Oceana and MCAS Cherry Point, as the best alternative from an operational perspective.

A Federal District Court ruled last month that Navy did not fulfill its obligations under the National Environmental Policy Act (NEPA) before making the decision to construct the OLF, and has enjoined the Navy from taking further actions to plan, develop, or construct the OLF until it completes additional NEPA analysis. The Navy continues to believe that the EIS that it prepared was based on sound science and rigorous analysis, and met all requirements of NEPA. Nonetheless, the Navy is carefully examining the court's ruling and considering its options on how to respond. The fiscal year 2006 budget includes \$23 million in prior year funds to complete land acquisition in the OLF core area and commence horizontal construction. We continue to believe that these funds will be required for OLF purposes and will be executable in fiscal year 2006.

VXX

We are pleased to report significant progress on VXX, the next generation helicopter transportation for the President, Vice President and heads of state. Marine Helicopter Squadron One (HMX-1), located at the Marine Corps Air Facility, Quantico, VA, performs these helicopter transportation mission using the VH-3D introduced in 1974 and the VH-60N fielded in 1989. These aircraft are approaching the end of their service lives, and do not have the growth margin to incorporate the improved capabilities required to meet evolving mission needs in the post-September 11 environment.

The Navy awarded a System Development and Demonstration acquisition contract to Lockheed Martin in January 2005 to build and deliver eight VXX aircraft for test and evaluation and pilot production. The new aircraft will provide increased performance; improved mission, communication, navigation, and maintainability; and expanded potential for future growth. Developmental flight-testing will begin mid-fiscal year 2005, with delivery of the first test article by April 2007. Initial operating capacity is set for the fourth quarter fiscal year 2009.

The Navy also awarded a construction contract in January 2005 to build an eight-bay test and evaluation hanger with laboratory, maintenance, and office space for a combined Lockheed Martin—Navy program management team at Naval Air Station Patuxent River, MD. The Navy commissioned an independent study to consider alternate methods of providing in-service support for the aircraft. The study concluded that a government owned contractor operated facility at Patuxent River provided significant life cycle cost savings to the Navy. The \$96 million, incrementally funded design/build facility will also include an in-service support capacity for the aircraft once operational. The current working estimate for construction is \$10 million below the authorization request in the fiscal year 2005 budget.

FACILITIES

Facilities Sustainment, Restoration, and Modernization (SRM)

Sustainment—The DOD uses models to calculate life cycle facility maintenance and repair costs. These models use industry-wide standard costs for various types of buildings and geographic areas and are updated annually. Sustainment funds in the Operation and Maintenance accounts maintain shore facilities and infrastructure in good working order and avoid premature degradation. The Navy and Marine Corps achieve 95 percent funding of the sustainment model requirements in fiscal year 2005 and fiscal year 2006, consistent with the DOD goal. The DON funding increases by 1.4 percent from fiscal year 2005 to fiscal year 2006.

SRM			
Navy			
	FY-04	FY-05	FY-06
Sustainment (%)	75%	95%	95%
Recap Rate (years)	103	104	98
Marine Corps			
	FY-04	FY-05	FY-06
Sustainment (%)	96%	95%	95%
Recap Rate (years)	109	82	103

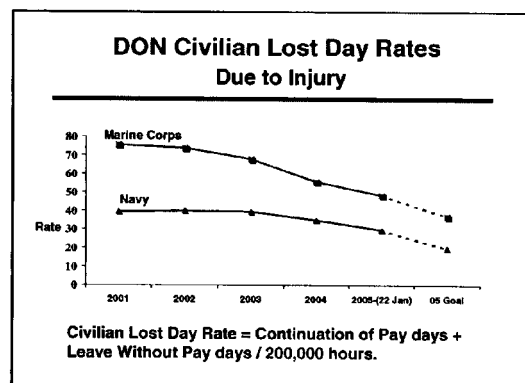
Recapitalization—Restoration and modernization provides for the major recapitalization of our facilities using Military Construction, Operation and Maintenance, Navy Working Capital Fund, and Military Personnel Navy funds. The “recap” metric is calculated by dividing the plant replacement value by the annual investment of funds and it is expressed as numbers of years. The DOD goal is to attain an annual 67-year rate by fiscal year 2008. Neither the Navy nor the Marine Corps attains the 67-year goal in the current FYDP due to affordability.

The fiscal year 2006 recapitalization rate has improved substantially from that reported last year as a result of DOD allowing the military departments to take credit for centrally managed Service demolition programs. The Navy has \$51 million and the Marine Corps \$5 million for their fiscal year 2006 central demolition programs, which combined is expected to demolish over 2.5 million square feet of outdated facilities. This approach allows us to consider the construction of new facilities as part of the recap metric calculation as long as an equivalent square footage of old facilities are demolished anywhere else. We believe that this corporate view is a more accurate reflection of the age of our inventory and the need for recapitalization.

EFFICIENCIES

Naval Safety

We remain committed to achieving Secretary Rumsfeld’s 2-year challenge to reduce fiscal year 2002 baseline mishap rates and accidents by 50 percent by the end of fiscal year 2005. At the end of calendar year 2004, 15 months into the 2-year challenge, the Department was on track to meet the SECDEF goal in over 70 percent of the targeted areas.



The Secretary of the Navy has embraced improving safety as one of his top objectives for this fiscal year. Last year Secretary England convened the first semi-annual Navy and Marine Corps Safety Council, comprised of Senior Flag and General Officers, to review ongoing mishap reduction efforts. The DON is pursuing Occupa-

tional Safety and Health Administration (OSHA) Voluntary Protection Program (VPP) status at our shipyards and other industrial activities; over the last 16 months, we have achieved an average 31 percent reduction in civilian lost workdays due to injuries at our three installations with the highest injury rates. Increased command emphasis for safety in Operation Iraqi Freedom has played a major role in reducing the percentage of Marine Corps non-combat fatalities to combat fatalities from 42 percent in fiscal year 2003 to less than 9 percent in fiscal year 2004.

Our fiscal year 2006 budget includes \$4.5 million to continue development of the Military Flight Operations Quality Assurance program. We want to adapt a successful commercial aviation program to analyze performance data (i.e., "black box" data) after every flight and allow aircrew and aircraft maintenance personnel to replay a high fidelity animation of the flight and associated aircraft performance parameters. That will allow them to recognize and avoid situations where flight safety tolerances are exceeded. In addition to the safety benefit, we expect significant future savings in reduced maintenance costs.

Commander, Navy Installations

Commander, Navy Installations Command (CNI) had a productive first year in its effort to transform the Navy shore establishment into centralized shore services and support structure. The Navy is now aligned to permit mission commanders to focus on their core mission to deliver combat power, while CNI focuses on shore infrastructure support.

A key CNI accomplishment was to implement a Capabilities Based Budgeting (CBB) process. This annual, zero-based analysis links the delivery of specific shore functions to their resources, and allows managers to predict how varying resource inputs alter the performance capability of that shore function. Identifying the risks in delivering service at varying output levels allows Navy leadership to select the desired level of output and associated resourcing based on an evaluation of these risks. This process allows us to better align shore support services with mission customers' requirements. CNI is now expanding this effort to derive common base support models with the other military services.

Port Operations Capability Levels			
Capability Level 1	Capability Level 2	Capability Level 3	Capability Level 4
Spill Response w/in 15 minutes	Spill Response w/in 30 minutes	Spill Response w/in 1 hour	Spill Response > 1 hour
Berthing & Hotel Services Full Service 24/7	Berthing & Hotel Services Full Service during Normal Work Hours w/ budgeted O/T	Berthing & Hotel Services Full Service during Normal Work Hours Only	Berthing & Hotel Services Full Service during Limited Work Hours
Ship Moves Full Tug Service, 24/7 Surge Capable	Ship Moves Full Tug Service, Surge Capable w/in budgeted O/T	Ship Moves Full Tug Service w/in Established Working Hours	Ship Moves Full Tug Service Limited Working Hours

Strategic Sourcing

The DON continues to seek efficiencies in its business processes. We want to focus on finding the most cost efficient means to support our warfighters. There are a number of approaches to achieve this goal, e.g., eliminating an unnecessary function or one with marginal benefit; realigning a function to improve efficiency; or competing a function to see if it can be provided more effectively or at a lower cost by private industry. We have committed to review approximately 30,000⁴ positions using the OMB Circular A-76 process and approved OMB alternatives (e.g., military to civilian conversions) by fiscal year 2008. We are focusing studies on those functions that are not critical or core to our military operations, are readily available and can potentially be performed more effectively by the private sector.

We recognize the difficulty these studies have on employee morale. However, the gains in clearly defining the government's requirement with resulting savings war-

⁴Represents about 5 percent of the DON's military and civilian workforce.

rant the continued use of A-76 competition and approved OMB alternatives to determine the most cost-effective service provider. Competition between in-house and contractor work force benefits the DON and taxpayer in the long run. OMB Circular A-76 competitions generate on average 36 percent cost avoidance. Our workforce is among the best in the world and has responded to the challenge by winning over 80 percent of the A-76 competitions.

Utility Privatization

When economical, we are proceeding with efforts to privatize our electricity, water, wastewater, and natural gas utility systems. Ten USC §2688 provides the legislative authority to convey utility systems where economical. Privatization allows installations to focus on core missions, relieving them of activities that can be done more efficiently and effectively by others. Privatization can help us reap private sector efficiency while upgrading aged systems to industry standards without compromising safe and reliable services.

As of February 1, 2005, DON has privatized 15 of its 645 utility systems while exempting 73 utility systems. Approximately half of the Source Selections Authority (SSA) decisions have been achieved during the past year, with the rest expected by September 30, 2005. When the current round of utilities privatization concludes in September 2005, DON intends to pursue other alternatives to enlist industry capability. In the end, we need safe reliable utility systems that are operated in the most economical manner, and that rely on private industry wherever practicable.

ENVIRONMENTAL PROGRAMS

The DON has a broad array of shore based and shipboard environmental compliance, conservation, pollution prevention, and cleanup efforts.

Shipboard Programs

The Navy is installing suites of pollution prevention equipment such as aqueous parts washers, cable cleaners, and paint dispensers on 16 ship classes at a total cost of \$35 million. To date 115 of 152 planned installations are complete with the remaining installations scheduled for completion in fiscal year 2006. Once implemented, this equipment is expected to save about \$3 million per year in hazardous material procurements and disposal costs, while the Fleet will save another \$12 million per year from improved maintenance processes.

The Navy is converting nearly 900 CFC-12 and over 400 CFC-114 air conditioning and refrigeration plants on its surface ships to eliminate ozone depleting CFCs and replace them with environmentally friendly coolants. We plan to complete CFC-12 conversions in 2007 and CFC-114 conversions in 2014. The total program cost is \$400 million with \$25 million of that total budgeted for fiscal year 2006. Upon completion, this conversion will have eliminated nearly 3 million pounds of CFC refrigerant emissions to the atmosphere.

Operational Range Assessments

Both the Navy and the Marine Corps are conducting assessments of our land based operational range assessments to ensure their long-term viability while protecting human health and the environment. The Navy has 273 operational ranges grouped into 20 complexes while the Marine Corps has 14 ranges. The Navy has completed range condition assessments at four range complexes, with assessments underway at six more complexes. The Marine Corps expects to complete its first assessment at Marine Corps Air Station, Cherry Point, NC this year, while starting two more this year and six others in fiscal year 2006. Both Navy and Marine Corps expect to complete their assessments by fiscal year 2008. These assessments will help the Navy and Marine Corps develop comprehensive management plans that balance operational needs and environmental concerns.

Encroachment Update

The National Defense Authorization Acts for Fiscal Year 2003 and Fiscal Year 2004 provided important protections to military readiness. The fiscal year 2003 Act directed the Secretary of the Interior to use authority under the Migratory Bird Treaty Act to issue a rule that would allow incidental takes of migratory birds during military readiness activities. This provision responded to a need that became apparent when a court enjoined vital military training on a Pacific island in 2002 after such training resulted in the accidental death of a small number of migratory birds. Congress provided an immediate exemption until the Secretary of the Interior could issue a regulation. The Departments of Interior and Defense have worked on the regulation that should be finalized shortly.

The Act further preserved military lands for military use by precluding designation of critical habitat under the Endangered Species Act when the Secretary of the Interior determines that an installation's Integrated Natural Resources Management Plan (INRMP) provides a benefit to the species for which critical habitat is proposed. The Secretary of the Interior also must consider the economic impact and other relevant impacts, such as those on national security, before designating critical habitat, and may exclude lands from critical habitat when there is a determination that the benefits of exclusion outweigh the benefits of the designation.

The Navy has 77 and the Marine Corps 17 installations that require INRMPs. All of the Navy plans and 15 of the Marine Corps plans are complete, and will now be subject to the 5-year review provisions of the Sikes Act. The Marine Corps INRMP for the Goldwater Range in Arizona is being prepared jointly with the Air Force, Department of Interior, and Arizona Department of Game and Fish, and should be completed in September 2005. The Marine Corps recently acquired Blount Island in Florida and also expects to complete that INRMP in September 2005. Both Navy and Marine Corps have funded implementation of their INRMPs. Nine Navy and Marine Corps installations have avoided designation of critical habitat based on these INRMPs.

The fiscal year 2004 Marine Mammal Protection Act (MMPA) provisions changed the definition of "harassment" for military readiness activities to focus on science-based, specific criteria, and added a national security exemption to the act. The changes do not lessen protection for marine mammals, nor do they eliminate the need for mitigation and monitoring, but allow us to consider safety, practicality, and the potential impact on military readiness. Navy is applying the revised authority to the SURTASS Low Frequency Active Sonar program and to other agency proposals involving sound in the water such as shallow water training ranges. The Navy supports MMPA reauthorization during this legislative session provided changes adopted as part of the act remain intact.

Encroachment Partnering

We are using authority provided in the National Defense Authorization Act for Fiscal Year 2003 to acquire land or restrictive easements to avoid encroachment on military training activities. Last year, the Navy partnered with Escambia County, FL to purchase a 48-acre parcel bordering Naval Air Station Pensacola. The County spent \$800,000 to acquire title to the land, while the Navy contributed \$500,000 in exchange for a development restriction easement on the property. The Navy plans to pursue additional partnering opportunities in fiscal year 2005 and fiscal year 2006.

The Marine Corps partnered with Beaufort County to acquire a restrictive easement on 69 acres beneath the flight path of Marine Corps Air Station, Beaufort, NC. The area had been slated for residential housing development. The Marine Corps and the county each contributed \$156,000 for a restrictive easement on the land. This benefits the county by retaining the land in its current use as farmland, and benefits the Marine Corps by preserving open space next to the station to avoid future noise complaints from military aviation operations. The Marine Corps is working with other Conservation groups to acquire other restrictive easements on properties near Beaufort and Marine Corps Camp Lejeune, NC, this year, with plans for several other locations next year.

Alternative Fuel Vehicles

The Navy and Marine Corps have exceeded the procurement requirements of the Energy Policy Act that 75 percent of fleet vehicle procurements in EPA established metropolitan areas must be alternative fuel vehicles. We recognize the importance and benefits of using renewable fuels and directed that all non-deployable Navy and Marine Corps diesel vehicles use biodiesel fuel beginning June 2005. We are also working toward a future of hydrogen power and fuel cells. As an example, a Navy-Marine Corps team is developing a hydrogen fueling station for Marine Corps Base, Camp Pendleton, CA as we pioneer the early use of fuel cell vehicles in cooperation with industry partners such as General Motors Corporation.

Environmental Research and Development

The Navy continues to demonstrate its leadership in environmental stewardship through investments in research and development activities, with a particular focus on marine environmental concerns. There have been many technological advances that were developed by the Navy:

- Plastic Waste Processors melt shipboard plastic waste into convenient solid disks for easy storage and recycling ashore. These devices are now installed on all Navy surface ships; installation on submarines will be com-

pleted this year. About 1,700 tons per year of solid waste are now safely disposed of ashore instead of the world's oceans.

- Pulpers and Shredders allow the Navy to dispose in an environmentally benign manner other shipboard solid wastes such as food, paper, cardboard, metal and glass.
- Non-ozone depleting cooling and refrigeration plants are being retrofitted onto Navy surface ships.
- Marine Mammal Research has become a primary focus area to develop science-based tools to protect marine mammals and comply with the MMPA, ESA, and Executive Order 12114. The Navy has budgeted \$10 million in fiscal year 2006 for this effort. Research efforts conducted in Navy and university labs focus on four thrust areas: (1) locating, tracking, and quantifying the abundance of marine mammals; (2) establishing criteria, thresholds, physiology, and behavior effects of sound in the water; (3) identifying and quantifying mitigation methodologies; and (4) conducting basic research in sound field characterization.

Uniform National Discharge Standards

The 1996 Defense Authorization Act required Navy and EPA to develop Uniform National Discharge Standards (UNDS) for shipboard wastewater. Phase I UNDS regulation was completed and published in 1999. The program is admittedly taking longer than originally envisioned because development of the regulations was far more complex than anticipated and requires cumulative impact analyses. Working with EPA, we have agreed on 25 discharges that require control. We must still identify best control technologies and practices applicable to warships, conduct analyses of environmental effects, cost, operational constraints, and ultimately specify the required controls. We have focused our efforts to issue proposed regulations for the first five discharges by September 2005.

ACTIVE BASE ENVIRONMENTAL CLEANUP

As of the end of fiscal year 2004, 72 percent of the 3,699 environmentally contaminated sites at Navy and Marine Corps active bases have been completed or have remedies in place and operating. We have applied technology opportunities, contracting efficiencies, and other management actions that allowed us to shift funds from the Installation Restoration Program (IRP) (traditional hazardous sites) to the newer Munitions Response Program (MRP) without affecting program metrics or projected completion dates. We also have initiatives to optimize long-term remedies and reduce costs associated with long-term operations and maintenance of cleanup sites. Our fiscal year 2006 request is \$305 million including \$45 million for MRP activities.

Munitions Response Program.

The DON has identified 231 sites that may require munitions response at locations other than operational ranges. Of these 231 sites, 212 sites are at 56 active installations and 19 sites are at 6 prior BRAC installations. Preliminary assessments have been completed for 82 sites at 9 active installations, and are underway at 25 active installations. DON has identified 1,306 acres with munitions and estimates a potential of 66,288 acres with munitions when PA are completed. We expect to meet the DOD near-term goal of completing these preliminary assessments for all known munitions sites by the end of 2007. Until these assessments are completed, we do not believe there are credible estimates for the cost to cleanup.

Vieques Cleanup

The Navy closed Camp Garcia support bases and the training ranges on Eastern Vieques in 2003 and transferred the property to the U.S. Fish & Wildlife Service (FWS). The National Defense Authorization Act for Fiscal Year 2002 directs FWS to use the property as a wildlife refuge and to manage the live impact area as a wilderness in accordance with the Wilderness Act. Vieques remains one of the few unspoiled, undeveloped areas in the Caribbean, and was recently listed on the National Priorities List (NPL) at the request of the Governor of Puerto Rico. We are working with EPA, the Department of Interior, and the Puerto Rico Environmental Quality Board to develop a Federal Facilities Agreement governing the cleanup. We have budgeted \$28 million for cleanup in fiscal year 2006.

PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic base structure and generating savings. The DON has achieved a steady state savings of approximately \$2.7 billion per year since fiscal year 2002.

All that remains is to complete the environmental cleanup and property disposal on portions of 17 of the original 91 bases. We have had significant successes on all fronts.

Last year DON relinquished over 71,000 acres at the former Naval Air Facility Adak, Alaska, to the Department of the Interior, which enabled Interior to exchange portions of the property with The Aleut Corporation for other lands. Additionally, the Navy achieved a significant milestone at the former Hunters Point Naval Shipyard in San Francisco by conveying the first parcel of 75 acres to the San Francisco Redevelopment Agency. Of the original 161,000 acres planned for disposal from all four prior BRAC rounds, we expect to have less than 5 percent (about 8,000 acres) left to dispose by the end of this fiscal year.

Property Sales

We have been very successful using property sales to assist in environmental cleanup and property disposal as well as recover value for taxpayers. We have used various methods to conduct these sales, including General Services Administration (GSA) on-site auctions, GSA Internet auctions, and Internet auctions using commercial real estate brokers. We used the GSA Internet web site in 2003 to sell 235 acres at the former Marine Corps Air Station Tustin, CA, for a net \$204 million. We also sold 22 acres at the former Naval Air Facility Key West, FL, in January 2004 for a net \$15 million. The City of Long Beach, CA, opted to pre-pay its remaining balance plus interest of \$11.3 million from a promissory note for the 1997 economic development conveyance of the former Naval Hospital Long Beach. We applied these funds to accelerate cleanup at the remaining prior BRAC locations.

Last month the DON completed its largest public sale via Internet auction consisting of four large parcels that total 3,720 acres at the former Marine Corps Air Station, El Toro in Irvine, CA, with bids totaling \$649.5 million. The Internet auction of 62 acres at the former San Pedro housing site in Los Angeles, CA, received a top bid of \$88 million. We expect to close these sales later this year. We will also soon close escrow on the public sale of approximately 20 acres in Orlando, FL, which is noteworthy as the first deed conveyance of property prior to completion of all environmental cleanup using the public sale process.

Public sales of smaller parcels were completed in Charleston, SC, and Novato, CA, and we expect to proceed soon with the sale of property at the former Oak Knoll Naval Hospital upon resolution of legal issues stemming from a lawsuit by the local redevelopment authority.

Land Sales Revenue Caution

A word of caution is necessary regarding land sales revenue. Although the auction for El Toro has ended and the auction for San Pedro should end soon, it will be several months before these sales close escrow, and several additional months until the DON receives the sale proceeds in the DON prior BRAC account. Until then, litigation or default by the winning bidder can delay or cancel the sale, as happened with the sale of the former Oak Knoll Naval Hospital in 2003. The El Toro sale, planned to occur last year, was delayed for 1 year due to litigation and the need to resolve redevelopment issues with the City of Irvine. That required us to conserve cash for fiscal year 2005 execution.

Because of our experience with the risks associated with predicting future receipt of land sales revenue, our fiscal year 2006 budget includes an appropriation request of \$143 million to cover minimum required environmental cleanup actions under enforceable schedules and ongoing program costs for properties not yet disposed. Notwithstanding these risks, we are optimistic that the El Toro and San Pedro sales will close and the funds will become available for use during fiscal year 2006 execution.

Prior BRAC Environmental Cleanup

The DON has spent over \$2.5 billion on environmental cleanup at prior BRAC locations through fiscal year 2004. We estimate the remaining cost to complete cleanup at about \$559 million for fiscal year 2007 and beyond, most of which is concentrated at fewer than 20 remaining locations and includes long-term maintenance and monitoring obligations for remedies already installed and operating at many locations. As we have done previously, the DON will use any additional land sale revenue beyond that projected in our fiscal year 2006 budget to further accelerate cleanup at these remaining prior BRAC locations, which are primarily former industrial facilities that tend to have the most persistent environmental cleanup challenges.

Closure of Naval Station Roosevelt Roads, Puerto Rico

In addition to completing property disposals from the four prior BRAC rounds, the Navy closed Naval Station Roosevelt Roads on March 31, 2004, as directed by section 8132 of the fiscal year 2004 Defense Appropriations Act. All military mission activities have been relocated. The DOD schools remained open through the completion of the 2003–2004 school year, as encouraged by the conference report accompanying the act. Naval Activity Puerto Rico has been established to protect and maintain the property and preserve its value until disposal.

As directed in the act, the closure and disposal is being carried out in accordance with the procedures contained in the Defense Base Closure and Realignment Act (BRAC) of 1990, as amended. Pursuant to these procedures, the Navy has approved property transfers to the Department of the Army for use by Reserve components, and the Department of Homeland Security. The Commonwealth of Puerto Rico formed a Local Redevelopment Authority (LRA). Using grant funding from the DOD Office of Economic Adjustment, the LRA prepared a redevelopment plan for the property that envisions a mix of commercial, residential, and public uses, as well as conservation of large areas of mangrove forest and wetlands. As required by BRAC procedures, we are analyzing the potential environmental impacts of property disposal in accordance with that redevelopment plan. We expect that property disposal process will begin in 2006 and that substantial portions of the property will be disposed through competitive public sale. We do not expect this process to be completed until fiscal year 2007, and have requested \$27 million in fiscal year 2006 to cover caretaker costs and maintain the property in preparation for sale. The Government Accountability Office (GAO) recently reviewed Navy plans and progress in disposing of the former Naval Station Roosevelt Roads. GAO found that Navy was following prescribed procedures and completed their review with no recommendations.

BRAC 2005

BRAC 2005 Decision Process

A successful BRAC 2005 is most important to the DON, the DOD, and the Nation. It may be our last opportunity in the foreseeable future to reduce excess infrastructure, move scarce dollars to areas that result in increasingly improved readiness, and transform our infrastructure consistent with our defense strategy.

BRAC 2005 provides a fair process that will result in the timely closure and realignment of military installations in the United States. All military installations inside the United States must be considered equally without regard to whether the installation has been previously considered or proposed for closure or realignment. All closure and realignment recommendations must be based on certified data, the 20-year force structure plan, and the published selection criteria that make military value the primary consideration.

Key BRAC 2005 Decision Points

- 12 Feb 04: DoD published selection criteria
- 23 Mar 04: DoD issued 20-yr force structure plan; world-wide infrastructure inventory; certified need for BRAC 2005
- 15 Mar 05: President must have nominated Commissioners
- 16 May 05: SECDEF recommendations due to Commission and Congress
- 8 Sep 05: Commission report due to Congress
- 7 Nov 05: Last day President can send recommendations to Congress
- Recommendations final unless Congress disapproves in 45 legislative days

For BRAC 2005, the Secretary of Defense directed that the analysis be divided into two categories of functions. Joint Cross Service Groups (JCSGs) are analyzing common business-oriented support functions while the military departments are focusing on analysis of service unique functions. The following seven JCSGs were established: Education and Training; Headquarters and Support; Industrial; Medical; Supply and Storage, Technical; and Intelligence. The JCSGs and the military departments will make their BRAC recommendations to the Infrastructure Executive Council (IEC), the DOD policy making and oversight body for the entire BRAC 2005

process. JCSGs were also utilized in BRAC 1995 but in a substantially different manner. In BRAC 1995, JCSG analysis and recommendations were provided to the military departments for consideration in developing their BRAC recommendations. The creation of the IEC ensures that DOD senior leadership is directly engaged in making these important decisions. Analysis and evaluation by all of the BRAC groups are ongoing, with a goal of supporting the Secretary of Defense's delivery of a comprehensive set of base closure and realignment recommendations by May 16.

IEC Membership

- Deputy Secretary of Defense
- Secretaries of the Military Departments
- Service Chiefs of Staff
- Chairman, Joint Chief of Staff
- Under Secretary of Defense for Acquisition, Technology and Logistics

Despite what some may have read in the newspapers, seen on the Internet, or heard through the rumor mill, the DOD does not have a list of closures or realignments at this time. The number and location of such closures or realignments will only be determined after a comprehensive and rigorous analytical process that is now underway in the military departments and Joint Cross Service Groups.

BRAC 2005 Implementation Funding

DOD has programmed funds through the Future Years Defense Plan for implementing BRAC 2005 decisions. Discussions are underway as to how these funds may be allocated to the military departments for implementing BRAC 2005 decisions. Expectations are that BRAC 2005 implementation costs will be financed by a mix of (1) allocation of the DOD funds, realignment of funds from military construction projects and SRM funds no longer needed at closing locations, transfers from environmental restoration accounts, and if necessary, additional military service funds to implement BRAC 2005 decisions.

Preparing to Implement BRAC 2005

The DON is building upon its experience in completing cleanup and disposal of property from prior BRAC rounds to prepare to implement BRAC 2005 decisions. Recently, the Secretary of the Navy approved formation of a BRAC Program Management Office (PMO) that reports to the Assistant Secretary of the Navy for Installations and Environment. BRAC PMO has assumed responsibility for completing cleanup and disposal of the remaining property from prior BRAC rounds, and it will become responsible for cleanup and disposal of property at installations closed or realigned in BRAC 2005.

The DON has examined lessons learned from cleanup and disposal of property at prior BRAC bases, especially recent successes using competitive public sales. Much has changed since the last BRAC round in 1995. Environmental contamination at remaining bases has largely been characterized, and cleanup has been completed or is now well underway. A close examination of existing statutory authority and Federal regulations for property disposal showed there were ample opportunities to improve the disposal process without the need for new legislation. Private sector capabilities have emerged and matured for brownfield redevelopment and insurance industry products to address environmental liabilities when there is a CERCLA early transfer of contaminated property. The DON expects to take increased advantage of these private sector capabilities.

We will continue to use all of the property disposal authorities in the right circumstances, as we have in the case of the disposal of Naval Station Roosevelt Roads. Like Roosevelt Roads, however, we believe there will be more opportunities to quickly dispose, in cooperation with the local community, BRAC 2005 property requiring environmental cleanup in its existing condition. The Navy will dispose of property using public sale and will include the cleanup of that property with it, as is done in "brownfield" disposals nationwide. This will allow developers with the experience and expertise to complete the cleanup as they redevelop the property. That

benefits communities by getting the property onto local tax rolls and redeveloped more quickly, with the local community controlling that development through traditional land use planning and zoning. It benefits DOD and the Federal taxpayer by divesting unneeded property sooner and reducing the environmental cleanup time and expense incurred by DOD. The DON goal for implementing BRAC 2005 is that the last sailor or marine leaving the closed base hand the deed to the property to the new owner. We are convinced that this goal is achievable when we start preparations for property disposal as soon as closure decisions are final.

CONCLUSION

In conclusion, we believe we have put forward a very strong fiscal year 2006 budget request for our facilities and environmental efforts, while still recognizing the compelling needs of the global war on terror. We have funded base operating costs to achieve the desired capability levels, and funded 95 percent of predicted sustainment requirements, while the Navy makes progress on its facility recap metric.

We are funding environmental programs to maintain compliance with all environmental standards while accelerating cleanup of past contamination and investing in research and development efforts to solve emerging environmental concerns.

We are proceeding with the analysis and scenario development that will lead to the Secretary of Defense announcement of BRAC 2005 recommendations. We have carefully reviewed our implementation practices from the previous four BRAC rounds and are establishing, in cooperation with DOD, the necessary organizational structures and business policies and practices to accelerate closure, environmental cleanup, and property disposal.

That concludes my statement. I appreciate the support of each member of this committee, and will try to respond to your comments or concerns.

Senator ENSIGN. Secretary Gibbs.

STATEMENT OF HON. NELSON F. GIBBS, ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS, ENVIRONMENT, AND LOGISTICS)

Mr. GIBBS. Having been in the job 3½ years, I will be even briefer than Secretary Penn.

Thank you for the kind words, Senator Akaka. This is an unforeseen appearance on my part. As you are aware, I had intended to leave my position in January, but because of all of the other vacancies in the Air Force, I was asked to stay on and I have agreed to do so for a short period of time.

I would just report to you that the Air Force continues in the program that was laid out before this and other committees in hearings in early 2002. We continue with the privatization effort. We continue with the recapitalization of our facilities. We continue to ensure that we are providing the best and the most realistic training for our forces. As you are aware, the Air Force believes that it must train as it fights. In fact, the inverse is true; we fight as we are trained. So, we provide the most realistic training possible and maintain a high state of readiness.

With that, Senator Cornyn, nice to see you again. Senator Thune. Thank you very much for the opportunity and I stand ready to attempt to answer any of your questions.

Senator ENSIGN. Well, I thank all the witnesses. I apologize for the shortness. We are going to do 5-minute rounds of questioning to make sure we all get at least one round of questions.

Mr. Grone, I will start with you. I understand that the President's budget request of \$1.88 billion to start implementation of BRAC decisions was derived from an amount requested in previous BRAC rounds. I also realize that the budget was prepared last

year, well before current indications of actual impact of what BRAC might be.

Do you have any updated estimates that would justify the need for the \$1.88 billion? When exactly does the Department plan to inform this committee on how the \$1.88 billion will be spent?

Mr. GRONE. Mr. Chairman, you are correct. As we tried to build the budget for first-year implementation, of course, as you are building that budget, you do not know precisely what the outcome is going to be because the recommendations are not yet fully built. The commission process has not yet occurred, and the consideration by the President and the Congress of the United States of those recommendations has not yet occurred.

We tried to take a good, hard look, as we were building the budget, in terms of lessons from the past. When we looked at the 1993 round and applied the appropriate inflation adjustments to it, the first-year implementation money was approximately \$1.5 billion in current year dollars. The 1995 round came out to just a little bit over \$1 billion. But the Government Accountability Office (GAO) had observed on several occasions that the Department could have done more with the 1995 round if it had provided a more robust, up-front framework within which to fund implementation of the round.

So looking at the lessons of the past, and also considering the early assessments of what some net costs might be associated with early implementation of forces returning from abroad to the United States, we came to the determination that roughly \$1.88 billion was appropriate for the first year. I firmly believe and expect that we will expend those funds in the first year of implementation.

With regard to how they will be expended, we plan on providing a full justification for that amount of funds, which Congress in the first year of implementation has traditionally granted some flexibility on in terms of appropriation to provide that justification upon the disposition of the commission process so that Congress will know how we spend those first-year funds.

For fiscal year 2007 and beyond, of course, we will provide a full justification book with the President's budget in that year. So, the first year of implementation is really the only point in the process at which it will be at least initially unclear how precisely those funds would be expended, but as soon as we are able, we will provide that report. The Under Secretary of Defense, the Comptroller, and I have discussed the ways in which we might provide that at the appropriate time.

Senator ENSIGN. Mr. Grone, also for you. I appreciate your last answer. Dealing with the changes to existing environmental laws, could you describe—I realize that there are proposals to amend the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and Resource Conservation and Recovery Act (RCRA). But could you describe what each proposal is intended to do and why it is needed and maybe also some of the outreach that DOD has done to the States in this process?

Mr. GRONE. Well, Senator and members of the subcommittee, there remain from the initial departmental proposals on the Readiness and Range Preservation Initiative (RRPI) three remaining provisions that are not yet enacted.

Senator ENSIGN. Also, if you could address maybe any of the environmental community's concerns, what the DOD has done in response to those as well.

Mr. GRONE. Yes, sir. One would allow for a 3-year period to come into general conformity under the Clean Air Act rather than conformity on the day of the actions undertaken. The other two, as you have referenced, refer to the Resource Conservation and Recovery Act, as well as CERCLA.

The latter two are intended to codify existing regulatory practice of the Federal Government and the States to ensure that those existing practices, which are of longstanding and have been in a bipartisan way administered, remain in place. They are occasionally challenged in the courts.

Nothing that we would provide or do under RCRA and CERCLA, for example, would affect in any way our existing environmental obligations. Certainly it would not affect our environmental obligations for off-range migration of contaminants. We will continue to fulfill those obligations in the way in which we are doing now.

We have had extensive outreach with the States, particularly on the latter two of the three provisions, over the course of the last 2 or 3 years. We have made modifications to the proposals over time to reflect some of their concerns, as well as the concerns of some others in the environmental community. There remains, I think it is fair to say, a fair amount of disagreement over whether those provisions are necessary at the present time. We continue to believe that they are, but we have not reached complete consensus with the States and the environmental community on that. But we remain in aggressive outreach on that and the dialogue remains very robust on these questions.

Senator ENSIGN. I know these are difficult issues. Unfortunately, my time is expired. I have several other questions that I will submit to all of you in writing, simply because the time is short, on the overseas basing plans and the burdensharing agreements. I have some questions on that.

Mr. PROSCH. Sir, could I just add one thing? I would like to thank Senator Akaka for his leadership using the RRPI to help us get maneuver rights back into Makuua Valley. I think that it is very wise that we pursue this legislation because it allows us to clarify, not roll back existing statutes.

Senator ENSIGN. Very good.

Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

Mr. Grone, the fiscal year 2005 supplemental requests \$1 billion for military construction in the Central Command region, including \$597 million for facilities in Iraq and \$158 million for facilities in Afghanistan. Some of these funds are for force protection, which I and, I believe, all members fully support.

However, this substantial investment in permanent facilities raises a question. Does construction of permanent facilities in Iraq and Afghanistan mean that we intend to maintain a long-term military presence in Iraq?

If not, if we do not intend to continue using any of these bases or facilities beyond the period when the security situation improves enough for our forces to leave, why, in your view, should the U.S.

taxpayers invest \$597 million in military construction funds in Iraq for permanent facilities that will not be available for our forces to use until late 2006 and which we may use for only a short time?

Mr. GRONE. Senator, the best way that I can answer that question, I believe the Secretary of Defense and General Abizaid have spoken to this question. The funds that are requested in the supplemental are to meet the operational requirements as the combatant commander sees his mission today and into the near term. The facilities that are required and requested for the use of military construction funds do not imply permanent basing at all of those locations for United States forces over the long term. What they do reflect is the judgment of the combatant commander of the needs that he sees in terms of his ability to carry out his mission as it is currently defined, and at the point at which U.S. forces no longer require those facilities, of course, we will not be using them. But our ability to execute the mission requires some investment in facilities for force protection and other means, as you indicated. So the combatant commander's views on this are that they are required for his mission.

Senator AKAKA. You can understand the concern here of placing that kind of funds there for buildings that seem to be permanent.

Mr. Prosch, thank you for coming to visit with me.

I should say, Secretary Gibbs, I did call back too late last night.

But Mr. Prosch, what is the Army doing to proactively address concerns expressed by the local community pertaining to the impact of increased training related to the transformation of the 2nd Brigade, 25th Infantry Division to a Stryker brigade combat team? How are you addressing the concerns expressed related to—and this is the other part—expanded training at the Puukohola training area? We did chat about this briefly, but for the record, I would like to receive a comment from you on those.

Mr. PROSCH. Yes, sir. We fully understand it is very important that we work closely with the stakeholders. Environmental issues, however, do threaten our readiness. So we want to make sure that we work closely with the stakeholders. We understand that the environmental program will not be relaxed. We must work closely and stay within the laws. Involved commanders are the key to the successful part of this.

I believe we have a good environmental relationship with the great people of Hawaii. I believe we have good progress to be able to train on the Big Island, and I am confident that we will continue to work closely with State, Federal, and local people to ensure that the Stryker brigade is able to be combat ready and also stay within the boundaries of the statutes.

Senator AKAKA. Mr. Grone, DOD officials have stated that they plan to treat the stationing of forces being relocated back to the United States as part of the Global Posture Review and the permanent stationing of the 10 new modular Army brigades being created as part of the BRAC process. Can you confirm that this is correct? Or does this mean, in your view, that these basing decisions will be subject to the review of the Base Closure Commission, or would they still be presented to Congress using the normal authorization and appropriations process?

Mr. GRONE. Senator, the perspective we took on the use of the BRAC process to reset the force globally is critically important. The ability of BRAC and the timing of BRAC, along with what we are implementing through the global force posture realignment—the timing of it is critical. BRAC gives us the ability to have the entire installations board open to assess all of our missions for the future in terms of where they are best positioned.

When I have spoken to numerous community groups about this question, they have asked a similar question. Why are you doing it in this way? What I have tried to tell them is that if we did not have BRAC and we were to undertake this process returning 70,000 uniformed personnel and 100,000 dependents back to the United States, we would be compelled to ask and answer the question not where can they best be placed, but where could they fit.

Because we have the ability to realign missions to position our forces better for the future, BRAC gives us the ability to ask and answer that more important and more relevant question—where are returning forces better positioned to execute their mission. So, we do expect and anticipate that any recommendations on the permanent stationing of forces returning from abroad would be included in our recommendations to the commission and ultimately to Congress.

Senator AKAKA. Thank you very much.

Senator ENSIGN. Senator Cornyn.

Senator CORNYN. Thank you, Mr. Chairman.

Secretary Grone, in prior BRAC rounds, the Department of Defense issued a guide to local communities to help them understand this mysterious process that we are going through. I strongly urge you to do the same this time. Do you currently have those plans in the works?

Mr. GRONE. Senator Cornyn, we have had an extensive policy review underway to ensure that we are best positioned to assist communities either in the context of a closure or a major realignment of the installation or in an environment, frankly, where we have growth at an installation due to realignment. It is important for us to be well positioned to work with State and local government to ensure that we have the best and smoothest transition on either end of that spectrum as possible. We do expect that we will be issuing an additional handbook or manual that would help guide communities and any other interested party through the process.

But as we have undertaken this review, while we are taking a good, hard lesson and trying to keep what succeeded from the past, we are proceeding from a set of five general principles.

First is we want to take a good, hard look at doing everything we can to move the mission as expeditiously as we can so that we can get to the second principle, which is to do everything that we can to ensure appropriate community economic redevelopment in an expeditious way in the event we have a closure environment.

The third principle is we do want to use a mixed tool kit approach. All of our authorities that we have are available. We want to be able to guide and use those authorities whether they are economic development conveyances, public sale, public benefit conveyances in a way that most supports the needs of the community, as well as the needs of the Department.

We want to leverage market forces to the maximum extent we can. So, certainly there will be more public sales than we have seen recently out of the early parts of the 1995 round, but even where the Department of Navy has executed some successful sales, they have been of the mixed tool kit variety. It has not been all public sale. They have used all the authorities that are available to them and, I think, were using them successfully. The Army has used conservation conveyances, for example.

Senator CORNYN. It is obvious that the Department has done an awful lot of work going into this. I guess my question really was addressed toward letting people know, on or about May 16, what this means and a little more about the process, so that they know that this just was not some edict issued from on high that could potentially have a devastating impact to the local economy in a lot of towns all around the United States.

Mr. GRONE. We have had a number of useful suggestions from a number of external parties. Members of the House and the Senate have provided some suggestions to us. The National Association of Installation Developers, Governors, local units of government have given us some suggestions for how to proceed. As I say, we have a policy review that is underway. In everything that we do, we are highly supportive and recognize that any success that we may have here is entirely dependent upon community-based redevelopment, working in partnership with the local community. Otherwise it cannot succeed.

Senator CORNYN. I would like to ask, if time permits, for you to comment on the homeland defense component of the BRAC process. Secretary Rumsfeld, in questions before the whole committee, has told us that homeland defense would be one of the criteria that would be considered during this BRAC. Mr. Prosch, since I have been picking on Mr. Grone, maybe you can take a stab at that first.

Mr. PROSCH. Yes, sir. One of the military criteria that we analyze is the capability of that facility to be able to stage, accommodate, have air space and support forces that would assist in homeland security missions. So that is a viable element that we are analyzing with our Army base study group. It is a mandatory requirement we have to look at as part of the total military value package that we analyze for a facility.

Senator CORNYN. Secretary Penn, is that also the case for the Navy?

Mr. PENN. Yes, sir, it is.

Senator CORNYN. Let me quickly, Secretary Gibbs, ask you. Brooks city base in San Antonio essentially is a concept which provides all the operational costs of the base paid for by the city while the Air Force's mission continues on at great savings as compared to the traditional arrangement. Can you tell me your views of how that concept is working, whether you think that has a future, and any other observations you would care to make about that approach?

Mr. GIBBS. I think it has been very successful. It got off to a slow start. I was fortunate enough to be there for the cutting of the ribbon when the turnover went to the City of San Antonio. It has been very successful. The Air Force pays basically for the services it re-

ceives from the city at standard rates, and we believe we have saved a fair amount of money.

We have been a little slow in turning over some of the properties to the city. I prod the Air Force fairly regularly to get more of the excess turned over for those things that we do not need.

But I think the city base concept, taking some of the lessons we have learned there, and some of the lessons we have learned in some of the other experimentation that we have been doing over the last 3 or 4 years, has excellent possibility for the future, both coming out of the next BRAC round for uses there, but also in other circumstances. I think we should continue to pursue them.

It is a public-public partnership in that respect, the local public with the Federal Government, and it can be very, very successful. I am pleased with what has happened there.

Can I respond to your earlier question about the homeland defense?

Senator ENSIGN. I need to go to Senator Thune just because I want to try to get both of our last two Senators in.

We have a vote on. I have someone checking with the cloak room to see if they will hold the vote open until 10:30 for us so both of you could finish your questioning.

Senator Thune.

Senator THUNE. Thank you, Mr. Chairman.

Secretary Grone, you mentioned in your written testimony that overseas realignments will affect the BRAC process, possibly over a period of years, and that you have already factored some of those changes into the May 2005 announcement and will continue to adjust BRAC as necessary in the future. Assuming that many installations will receive new missions and units, as a result of realignment in overseas BRAC, does the Department of Defense envision a significant trend toward a joint basing system in the future to accommodate those realignments, in other words, collocating assets together from different services?

Mr. GRONE. Senator Thune, without regard to the return of forces from abroad, we are looking for a number of ways to enhance joint utilization of all of our assets, and so joint basing, as you suggest, is one way to do that. We are looking very hard at a number of ways that we can enhance the value of our installations and their efficiency by finding ways to use them on a more effective joint basis. We have an enormous amount of joint activity going on out there right now. We could do more and we intend to do more.

Senator THUNE. For those installations that will expand as a result of BRAC and receive new missions, will the Department also provide cooperative planning with those affected communities to stand up and support the new mission requirements?

Mr. GRONE. Yes. The Office of Economic Adjustment (OEA) will provide planning grants on a competitive basis to communities, as they have in the past. The staff there, the director, Patrick O'Brien, has been recalibrating and retooling the staff to get ready for BRAC 2005. So we are in a position from the Office of the Secretary of Defense (OSD)/OEA service perspective to work jointly with communities to provide the appropriate planning assistance, as necessary, to help us work in partnership to either support the

community in the event an installation closes or to work with the communities in the event that we have mission growth.

Senator THUNE. One other question. You also mentioned in your written testimony that DOD has increased its focus on purchasing renewable energy and developing resources on military installations. Could you expand on that a little bit, what types of renewable energy is being used?

Mr. GRONE. Sir, we are looking at a full array of renewables. Just 3 years ago, in the context of the energy conservation program that we have, we expended about \$5 million of a \$50 million program on renewable sources. This fiscal year we are spending \$18 million. So we are looking at things across the array, solar, geothermal, wind, and wind power in a number of ways. We recently completed a study, which I believe we have recently submitted to Congress, and we would be happy to provide a copy of that to you, that details a number of different options that we have to use renewables on a number of our installations. We think it is a potential for significant investment in the future and significant efficiency on a going-forward basis.

Senator ENSIGN. Senator Thune, if I may, we just got word that they are not going to hold the vote open for us more than another 5 to 7 minutes.

Senator THUNE. I might also suggest ethanol.

Senator CLINTON. I was waiting for that.

Senator THUNE. I know you were waiting for that. The Senator from New York is here—I have a couple of questions that I would like to submit for the record.

Senator ENSIGN. We are all going to submit questions for the record.

Senator Clinton, try to keep it as brief as possible.

Senator CLINTON. Thank you, Mr. Chairman. I will and I will talk fast.

I wanted to thank Senator Cornyn for bringing up the homeland defense issue. Mr. Prosch came to Fort Hamilton, the only remaining installation within New York City, which was an important staging area after September 11.

I would like to ask just briefly everyone to answer yes or no. With the onset of BRAC, I know that a number of communities are making promises to finance the construction of facilities. However, New York communities since 1995 have already been proactive in making investments in their installations prior to this BRAC round. During that last BRAC round, we saw many offers that never materialized into concrete results once the installations were saved. I would like to ask each of you, will offers from State and local governments to finance the construction of facilities, whether privatized or not, be considered as part of the BRAC process. Just yes or no.

Mr. GRONE. It is a complex answer, but no. Generally we are dealing with facts on the ground.

Senator CLINTON. Mr. Prosch.

Mr. PROSCH. We have \$200 million in military construction (MILCON) up at West Point alone that we are going to continue to—

Senator CLINTON. But that is public money. I am talking about communities coming and saying we are going to put money into this, the State is going to put money into this. I think Mr. Grone is right. We should take the facts as we find them on the ground, especially since in the 1995 round a lot of communities came forth and said save this base, we will put \$10 million into this, the State will put \$20 million, and it never happened. I just want to be sure that the criteria is, as Mr. Grone says, for each of the Services.

Mr. PROSCH. Yes, ma'am.

Senator ENSIGN. Thank you.

Secretary Penn.

Mr. PENN. Ma'am, as stated. No.

Senator CLINTON. Secretary Gibbs.

Mr. GIBBS. No.

Senator CLINTON. The rationale for the 2005 BRAC round has been somewhat of a moving target. We have heard arguments that it is designed to achieve jointness, to eliminate encroachment, to save money, to reduce capacity, and more recently to reset and reposition forces. It is difficult, I think, for a lot of us to quite figure out what criteria the Services are using. I guess, Mr. Grone, this would be for you. Should an objective analysis of a location's military value and costs of operation not drive the process as opposed to a more abstract formula that somehow this will lead to rearranging the deck chairs in some pre-ordained manner?

Mr. GRONE. Well, Senator, the criteria that the Secretary published last year to guide the process, a core element of foundation of this process lays out the criteria by which the Secretary will develop those recommendations. Military value, pursuant to congressional direction, as well as departmental policy, is the highest consideration. The cost of operations and manpower implications of a given potential recommendation are also part of that military value equation.

That said, while we have those selection criteria, the Secretary has talked about the importance of utilizing the round to enhance force transformation, to improve joint utilization of our assets, to convert waste to warfighting in terms of the structures that we no longer require, as well as to use it as a means by which we can efficiently accommodate forces returning from abroad. But all of that will be done within the context of the selection criteria and the force structure plan provided to Congress.

Senator CLINTON. Well, obviously, our highest hope is that is exactly what does happen. We spent a lot of time in both Houses of Congress trying to hammer out those criteria. At the end of the last BRAC process, as I am sure you have been told numerous times by people from New York, we believed that inappropriate political considerations were used at the very last minute. That left a very bad taste in a lot of people's mouths. New York has a great tradition of military service and people there I think are under special pressures because of terrorism and the continuing understanding that New York is the number one target. So military value is the criteria. We do not want to see political considerations intervene.

Thank you.

Mr. GRONE. Senator, I can assure you, the chairman, and the ranking member that political considerations are not a factor in the Secretary's and the leadership's considerations. Military value is the highest——

Senator CLINTON. Thank you.

Senator ENSIGN. I want to thank the entire panel and all the Senators and, once again, apologize for the briefness of this hearing, but the hearing is closed.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN ENSIGN

ARMY MODULARITY INFRASTRUCTURE

1. Senator ENSIGN. Mr. Prosch, the Army used emergency authorities in 2004 to spend over \$100 million to procure and install temporary facilities to support modularity units preparing for deployments to Southwest Asia, and is now asking for another \$261 million in the fiscal year 2005 supplemental request for the same purpose. Hundreds of trailers each at 10 locations around the country will soon be in place to house and provide work areas for over 30,000 troops for an undetermined amount of time. This is at a time when the Army and all the Services have made great strides, with the full support of this committee, to meet the Department of Defense (DOD) goal to eliminate inadequate permanent party barracks by 2007. Are these trailers considered adequate permanent party unaccompanied housing and has the Army revised its plan to meet DOD guidance, and if so, what is now the goal to meet the guidance?

Mr. PROSCH. Yes, the relocatable buildings provide adequate short-term, interim housing for unaccompanied soldiers. However, in the long-term, the relocatable buildings will be replaced with permanent facilities through the normal military construction process as soon as practical once the 2005 Base Realignment and Closure decisions are made.

2. Senator ENSIGN. Mr. Prosch, how long to do you anticipate Army personnel will have to live in temporary trailers?

Mr. PROSCH. In achieving the Army Modular Force, some use of relocatable buildings is necessary until permanent solutions can satisfy Army requirements. Where the Army houses soldiers in relocatable buildings, the duration generally will not exceed 7 years.

3. Senator ENSIGN. Mr. Prosch, what is the Army's plan to replace the temporary housing trailers?

Mr. PROSCH. There's no intention to maintain relocatable buildings indefinitely. Military construction funding to replace relocatable buildings will be programmed as soon as the 2005 Base Realignment and Closure decisions are made.

4. Senator ENSIGN. Mr. Prosch, has an investment strategy been developed to provide permanent facilities, and are these costs captured either in the fiscal year 2006 Army budget or across the Army Future Years Defense Plan?

Mr. PROSCH. The Army is in the process of finalizing its permanent facilities strategy. An Installation Facilities Master Planning Task Force composed of representatives across the Army Staff will integrate Army Modular Force and Integrated Global Presence and Basing Strategy facility impacts into a single Army Installation Facilities Master Plan. In doing so, the Task Force will develop the investment strategy to support Army Campaign Plan initiatives detailing Military Construction for future budget submissions.

5. Senator ENSIGN. Mr. Prosch, how have families forced on short notice to move been accommodated for in housing, child care, and schools?

Mr. PROSCH. Installation commanders and garrison commanders have notified mayors, schools, city managers, and county commissioners of impending military population increases to ensure maximum levels of community support with regard to schools, child care, and off-post housing. In most cases, sufficient off-post housing is available to support increased family populations. Housing market analyses are being updated to address temporary stationing impacts. These analyses indicate housing is available to support the anticipated families. Care for incoming children

will be accommodated by supplementing available on-post child care service with offpost service, as well as by extending child development center hours.

MIGRATION OF OPERATIONS AND MAINTENANCE FUNDS

6. Senator ENSIGN. Mr. Prosch, Secretary Penn, Secretary Gibbs, I want to ask about Facility Sustainment, Restoration, and Modernization (FSRM) funding, which is used to maintain the safety, security, and adequate condition of military facilities and infrastructure. Your prepared comments mention your efforts in fiscal year 2006 to meet the DOD budget goals to fund 95 percent of the FSRM requirements. Yet in our visits to military installations, we consistently find that, in the year of funding execution, only a small fraction of FSRM funds are being used for their budgeted and authorized purpose. In most cases, funds are diverted to cover budgeted shortfalls in base operations accounts. What is each Service doing to limit the extent of migration of funds from FSRM?

Mr. PROSCH. To limit migration of funds from SRM to Base Operations Support accounts, the Army leadership has committed to work towards the "90/90" proposal in fiscal year 2007. This proposal will fund 90 percent of the requirements for both SRM and Base Operations Support and should eliminate the need to migrate SRM funds to cover budgeted shortfalls in Base Operations Support.

Mr. PENN. Both the Navy and the Marine Corps want to limit the need to migrate funds from FSRM to other accounts.

The Navy established Commander, Navy Installations (CNI) to consolidate installation management functions and provide a single entity to assess all shore installation management requirements and to budget and execute resources. CNI uses capabilities based models with defined metrics and unit costs that are benchmarked against historic performance and industry standards. These models are used to generate resource requirements and link them to definable outputs. The Navy can then decide the desired capability, and budget accordingly with a high degree of confidence that the expected outputs will be achieved, thus minimizing the need to realign funds out of FSRM to pay execution shortfalls in other installation accounts. In addition, while previously installation and regional commanders could opt to migrate funds out of FSRM, such decisions now require CNI program director approval.

Marine Corps activities are required to request permission from Headquarters Marine Corps before any funding is moved from the Facility Sustainment, Restoration, and Modernization accounts. The Marine Corps executed the Sustainment account in fiscal year 2004 at 96 percent of the FSRM requirement model.

Mr. GIBBS. The readiness of our infrastructure remains an emphasis item for the Air Force and we are sensitive to the migration of funding from programs such as Sustainment, Restoration, and Modernization. However, fiscal demands associated with the global war on terrorism and shortfalls in other key installation support programs, require our installation commanders to direct funding from programs such as these. Supplemental appropriations and our commanders' ability to migrate funding back into these accounts at the close of the fiscal year generally result in the Air Force obligating more funding than originally appropriated. For example, in fiscal year 2004, Congress appropriated a total of \$2.1 billion for the combination of Sustainment, Restoration, and Modernization. At the close of the fiscal year, the Air Force obligated a total of \$2.4 billion in these programs.

7. Senator ENSIGN. Mr. Prosch, Secretary Penn, and Secretary Gibbs, what do you assess are the long-term implications of decisions to defer the repair and improvement to facilities and infrastructure?

Mr. PROSCH. Facilities will not last their intended life cycle without proper sustainment. Continued underfunding will eventually degrade our ability to support mission requirements.

Mr. PENN. This is admittedly an area that requires more work. The Facilities Sustainment Model and the recapitalization metric have gone a long way towards establishing credible long term predictive standards. However, traditional facility readiness ratings (e.g., C-3 and C-4) that attempt to reflect current facility conditions to support operational needs have been viewed as suspect by many. The Navy and Marine Corps are working with the Office of the Secretary of Defense and the other Components to establish a more credible metric on current facilities readiness condition. We expect this new metric to be available next year, and would allow linking current conditions needs with longer term sustainment and recapitalization efforts.

Mr. GIBBS. The long-term implications of deferring repair and improvement to facilities and infrastructure is an eventual loss of mission capability.

8. Senator ENSIGN. Mr. Prosch, Secretary Penn, and Secretary Gibbs, what do you anticipate would be the impact of building a budgetary fence around FSRM funds that would ensure the amount of funding authorized by Congress is adequately applied to FSRM requirements?

Mr. PROSCH. The most notable impact would be a significant reduction in the Department's flexibility to respond to unforeseen contingencies.

Mr. PENN. While a budgetary fence around FSRM funds would ensure the amount of funding authorized by Congress is only spent on FSRM, I would oppose this effort because it would unduly restrict Navy and Marine Corps flexibility during program execution. We have seen recent times when FSRM funds have migrated into other operating accounts to support emergency wartime preparations, and conversely, when natural disasters have required the migration of other operating funds into FSRM.

Mr. GIBBS. The readiness of our infrastructure remains an emphasis item for the Air Force. However, a budgetary fence around FSRM funding would decrease our installation commanders' ability to react to emerging requirements and/or critical shortfalls in other programs.

OVERSEAS BASING PLANS

9. Senator ENSIGN. Mr. Grone, Mr. Prosch, Secretary Gibbs, with the President's release of the Integrated Global Posture Strategy in September 2004, a series of military installations around the world were identified as having an "enduring presence." These bases and sites will support both the permanent presence of U.S. military personnel and rotating units for training. The DOD is now in the process of negotiating formal agreements with host nations to implement the strategy. Many of these moves will require a substantial investment of funds for new construction, either to be funded by the host nation or by the United States. To ensure a wise use of taxpayer dollars, what types of host nation agreements should be completed by the DOD before authorization for funds are requested for military construction projects in the annual President's budget or supplemental appropriations?

Mr. GRONE and Mr. PROSCH. Military construction (MILCON) funds are obligated overseas in countries where we are reasonably assured that our presence will endure. As such, before we obligate MILCON, we typically negotiate favorable access arrangements and status protections, through Status of Forces Agreements. However, to ensure that we are in a position to act quickly, we occasionally request funding in advance of the successful conclusion of negotiations. In these cases our intention is that once negotiations are completed, the funds will be on hand and can be obligated immediately.

Mr. GIBBS. The initial Host Nation Support (HNS) agreement is the general agreement that is negotiated on a bilateral basis between the State Department and the comparable ministry of foreign affairs within the host nation (HN). This document establishes the legal basis between the U.S. and the government for moving ahead on the detailed agreements to achieve HNS. The document also provides the political emphasis within the HN to ensure that the various national agencies plan and provide the support when required. When the general agreement is concluded, the commands begin developing the next level of HN documentation, the technical agreement or arrangement (TA). The TA addresses broad functional areas and includes definitions, responsibilities, procedures, etc., to provide guidance to the components for detailed HNS planning. The U.S. process explicitly restricts the TA negotiations to the U.S. and HN representatives. The next step, level of agreement, is conducted by a joint planning commission or group (JPC/G), co-chaired by the senior officials of the U.S. unified command and the HN ministry of defense (MOD). This group codifies the policy and guidance needed to conduct joint bilateral HNS planning into a document, annexed by specific subject area, and known as the Joint Logistics Support Plan (JLSP). The JLSP guidance identifies the type of support the HN is able and willing to provide, and the conditions under which the support is made available. The next step in planning is for the sending nation to develop and submit to the host nation their concept of requirements (CORs). The COR is a statement of functional HNS requirements that the components need to support deploying U.S. forces. Once the COR is submitted and approved (to the extent possible by the HN), the statement of requirements (SOR) is submitted. The SOR identifies in detail the type and amount of HNS required by the unit to accomplish its tasks. The requirements may be time-phased and incorporate facilities, services, and sup-

plies at several separate locations. Generally, however, it should be expressed as a quantifiable workload that the HN can plan to allocate resources against during execution of U.S. operations.

10. Senator ENSIGN. Mr. Prosch, Secretary Penn, and Secretary Gibbs, does the DOD plan to establish installation development master plans that will capture all facility requirements, total estimated investment, and anticipated funding sources before requesting authorization for funding in the annual President's budget or supplemental appropriations?

Mr. PROSCH. Combatant commanders have already developed overseas master plans for their respective areas of responsibility, to include facility requirements, funding requirements, division of funding between U.S. and host nations, and status of facilities being returned to host nations. The Department submitted those plans to Congress on March 4, 2005, and will update them each year through fiscal year 2009.

Mr. PENN. The Navy and Marine Corps coordinated on the development of the master plans, the Department of Defense submitted those plans to Congress in March 2005, and will update them each year through fiscal year 2009.

Mr. GIBBS. Development plans exist for Air Force installations, to include overseas locations, in the form of base general plans. The Capital Improvements Plan (CIP), a component of the General Plan, identifies facility requirements for a 5-year period including proposed funding year and the type of funds.

The cost of the facility requirements typically are not included in the General Plan since that would be information a contractor could use to gauge their cost estimate. The For Official Use Only version of the CIP has line item costs. The costs are used at base and MAJCOM level as part of the decisionmaking process.

11. Senator ENSIGN. Mr. Prosch, Secretary Penn, and Secretary Gibbs, what is the DOD goal to establish burdensharing arrangements with host nations in order to minimize the impact to DOD budgets?

Mr. PROSCH. The Department believes that, to the extent it is able, a host nation should contribute to the cost of stationing a U.S. presence in its country. The goal of maximizing the level of burdensharing that host countries provide is one of the key elements in our negotiating philosophy.

Mr. PENN. The Department of Defense has longstanding burdensharing arrangements with many of our overseas partners such as Japan, Korea, Germany, and the United Kingdom where the vast majority of our overseas infrastructure is located. For example, Japan has underway \$116 million to improve a berthing pier at Naval Base Yokosuka through its Japanese Facilities Improvement Program. Negotiations usually involve using existing host nation infrastructure to minimize the need for new U.S. funded construction, having host nations pay most, if not all, of the costs associated with construction and sustainment, or providing support in kind to offset the cost of operating in the host nation. In some cases, the Department will want to pay for selected costs to maintain U.S. control, or for diplomatic concerns.

Mr. GIBBS. Inquires on burdensharing are more appropriately addressed by OSD.

DETERMINATION OF SAVINGS FROM BASE REALIGNMENT AND CLOSURE ROUND

12. Senator ENSIGN. Mr. Grone, pursuant to Base Realignment and Closure (BRAC) law, the Secretary of Defense certified to Congress that the 2005 round of base closures and realignments would result in annual net savings for each of the military departments beginning not later than fiscal year 2011. How will the military departments account for BRAC decisions intended to move force structure, such as the relocation of overseas units and the establishment of new modular brigades, into the calculations for net savings?

Mr. GRONE. As required by law, the Secretary's Base Realignment and Closure (BRAC) recommendations must be based on a 20-year force structure plan and statutory selection criteria that make military value the primary consideration. One of these selection criteria requires the Department to consider "the extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs." To the extent a BRAC recommendation includes the accommodation of forces returning from overseas or the establishment of modular brigades, that recommendation will include all the costs of that BRAC recommendation, including the costs associated with accommodating the returning forces and establishing modular brigades.

13. Senator ENSIGN. Mr. Grone, are there costs related to BRAC realignments that the military departments will not incorporate into the calculation for net savings?

Mr. GRONE. The Department includes all the costs and savings of a BRAC action in its payback calculation. As required by law, the Secretary's BRAC recommendations must be based on a 20-year force structure plan and statutory selection criteria that make military value the primary consideration. One of these selection criteria requires the Department to consider "the extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs."

BRAC RE-USE POLICY

14. Senator ENSIGN. Mr. Grone, a major lesson learned from prior BRAC rounds is that if the DOD works with affected communities to quickly agree on re-use priorities and disposal processes, the community benefits from more timely redevelopment and economic investment. You have stated in your written statement that "the Department will work to partner with affected communities as we both seek opportunities for quick civilian reuse." Who, DOD or the local community, will take the lead in seeking reuse opportunities?

Mr. GRONE. While having ultimate disposal authority, the Military Departments, pursuant to Public Law 101-510, "shall give substantial deference to the redevelopment plan submitted by the redevelopment authority for the installation." Additionally, the Secretary of Defense will consult with the Governor of the State and the heads of the local governments concerned for the purpose of considering any plan for the use of such property by the local community concerned as called for by statute and as a matter of policy.

The community takes the lead in seeking to identify reuse opportunities, and the Military Departments in the disposal of property.

15. Senator ENSIGN. Mr. Grone, what will be the process to resolve differences between DOD and local communities during the identification and prioritization of reuse opportunities?

Mr. GRONE. To achieve the maximum redevelopment potential of every closing or realigning installation, it is essential that the Military Departments and the Local Redevelopment Authorities (LRAs) work together and communicate throughout each step of the process. The Military Departments will always give substantial deference to the LRA's redevelopment plan but the Military Departments retain the ultimate responsibility and authority to make property disposal decisions. In partnership with the LRA, the Military Departments will resolve any conflicting property interests at the time that final disposal decisions are issued.

16. Senator ENSIGN. Mr. Grone, what is your interpretation of congressional intent in relation to the military departments seeking fair market value for the property?

Mr. GRONE. DOD plans to utilize a "mixed tool kit of options" for disposing of real property that provides flexibility and the use of a variety of approaches. The military departments, as the disposal agency, will give substantial deference to the community's approved redevelopment plan when deciding on a disposal strategy. If the disposal strategy calls for the public sale of a portion of the installation, then we believe a market-based approach which seeks to obtain fair market value, is the most effective means of achieving the mutual benefit of rapidly putting the property back into productive use by the new owners.

17. Senator ENSIGN. Mr. Grone, will DOD's goal to seek a maximum financial return conflict with the policy to partner with them on economic redevelopment?

Mr. GRONE. No, because the military departments, as the disposal agencies, will give substantial deference to the community's approved redevelopment plan when deciding on a disposal strategy. The "mixed tool kit" will provide a great degree of flexibility in determining the best disposal method. Options include transfers for use by the homeless, public benefit conveyances, conservation conveyances, transfers to those willing to pay for environmental remediation, economic development conveyances, leasebacks, and negotiated sales.

BASE RE-USE IMPLEMENTATION

18. Senator ENSIGN. Mr. Grone, in prior BRAC rounds, the DOD published a guide for local communities to understand base closure and re-use processes, policies, and opportunities for assistance. When does the DOD plan to publish this guidance to communities for the 2005 BRAC round?

Mr. GRONE. The Department plans to publish changes to the existing rules in the Code of Federal Regulations (CFR) later this summer and will request public comment at that time.

19. Senator ENSIGN. Mr. Grone, would it help communities to have this manual published by May 16, 2005, so that communities affected by the Secretary of Defense's recommendations can start to plan for potential BRAC decisions?

Mr. GRONE. Any new policies or procedures that are provided in the revised BRAC manual should not have a major impact on any actions a community wishes to take during the period between announcement of the Secretary's recommendations in May and the final recommendations of the Commission some months later. Additionally, the Department plans to publish changes to the existing rules in the Code of Federal Regulations (CFR) later this summer and will request public comment at that time.

CLOSED BASE PROPERTY DISPOSAL PROCESSES

20. Senator ENSIGN. Mr. Prosch, Secretary Penn, and Secretary Gibbs, after nearly a decade of debate over the future of former El Toro Marine Corps Air Station property in California, which was closed as a result of the 1993 BRAC round, the Navy reportedly just recently auctioned that property to a developer for \$649.5 million for 3,718 acres. I understand that the Navy plans to sell much of the property associated with the now closed Roosevelt Roads Naval Station in Puerto Rico in the same manner. To what extent do the military services plan to sell property in executing the results of the 2005 BRAC round?

Mr. PROSCH. DOD plans to utilize a "mixed tool kit of options" for disposing of real property that provides flexibility and the use of a variety of approaches. The military departments, as the disposal agency, will give substantial deference to the community's approved redevelopment plan when deciding on a disposal strategy. If the disposal strategy calls for the public sale of a portion of the installation, then we believe a market-based approach which seeks to obtain fair market value, is the most effective means of achieving the mutual benefit of rapidly putting the property back into productive use by the new owners.

Mr. PENN. The Department is committed to using all of the available real property conveyance authorities in the proper circumstances. The Department believes that market based property conveyance using public sales is often an effective means of rapidly putting the property back into productive uses by new owners and will use public sales where appropriate in accordance with that objective.

Mr. GIBBS. We believe that the quickest and most effective way to get surplus BRAC properties into productive economic redevelopment is to let the marketplace govern the process, however, decisions on method of disposal will be made on a property-by-property basis and in consideration of local interests. The Air Force believes that the use of fair market value sales is viable tool for future property transfers.

21. Senator ENSIGN. Mr. Prosch, Secretary Penn, and Secretary Gibbs, to what extent would this reduce the time required in returning closed property to productive reuse?

Mr. PROSCH. DOD believes that a market-based property conveyance using public sale is often an effective means of achieving the mutual goal of rapidly putting the property back into productive use by the new owners. The private sector, working with local government, is incentivized to develop the site and create new jobs to replace those that may be lost due to a closure decision. Responsive redevelopment of a site will expedite productive reuse and economic recovery.

Mr. PENN. Every situation is different. However, we believe that in the proper circumstances market driven public sale can result in more rapid conveyance of property to new owners who have an economic incentive to quickly put the property to productive use, which can result in more rapid redevelopment and reuse than other methods.

Mr. GIBBS. We believe that using public sale as the primary method for disposing of surplus BRAC 2005 properties will significantly reduce the time required to return closed property to productive reuse. The ability to incorporate the environ-

mental cleanup into the real estate transaction will allow productive reuse to move forward in concert with the environmental cleanup.

22. Senator ENSIGN. Mr. Prosch, Secretary Penn, and Secretary Gibbs, to what extent does DOD plan to use authorities under 120(h)(3)(C) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980 to expedite transfer of contaminated sites and will transfers to other Federal agencies continue to waive fair market value consideration?

Mr. PROSCH. The Department will use all the tools at its disposal to expedite the return of property to productive use. Agency requests to waive fair market value considerations to other Federal agencies will be evaluated on a case-by-case basis considering the best interests of the military department, the Federal agency, and the overall disposal strategy for the property.

Mr. PENN. In contrast to previous rounds of BRAC, DOD's environmental cleanup program has progressed significantly. Environmental cleanup is complete or near completion at many sites and the nature and extent of contamination is well defined at remaining locations. Consequently, we believe more property can be environmentally ready to be conveyed by the time the military missions at the base cease. When additional cleanup is required, DOD will use the authority in CERCLA whenever possible to convey property to new owners in its existing condition. The new owner can combine cleanup with redevelopment, which saves time and money and enables the new owner to put the property into productive use faster.

Transfers to other Federal agencies will be made in accordance with existing regulations which call for payment of fair market value by the requesting agency except when waived in exceptional circumstances with the concurrence of the Director of the Office of Management and Budget.

Mr. GIBBS. First, the Air Force intends to use the authorities under CERCLA 120(h)(3)(C) when appropriate to support rapid reuse. However, the complex requirements for using this authority have proven to be time consuming and costly to meet.

The Air Force intends to transfer property to other Federal agencies "where is as is" for fair market value consideration as specified in the Federal Management Regulations.

ENVIRONMENTAL REMEDIATION FOR BRAC REAL PROPERTY

23. Senator ENSIGN. Mr. Grone, a major activity within the disposal and re-use of property affected by BRAC decisions will be the determination of the acceptable amount of environmental clean-up and remediation. Historically in prior BRAC actions, those parties receiving the property have always wanted the cleanest site possible, while the government has always strived to clean up the site to minimum acceptable standards in order to save money. While a difficult problem to rectify, the military departments worked diligently in the past rounds to come up with a compromise on intended use of the property that was acceptable to all parties. Does DOD plan to continue the process of working with local communities to determine an acceptable agreement use before establishing an environmental remediation plan?

Mr. GRONE. The Department believes that mutual understanding and cooperation during transition is key to a successful transfer. Each installation's BRAC team will work with the local community to put together a package that supports the best result for both the Department and the community. As always, the communities' approved redevelopment plans will be given substantial deference in determining proper disposal and the corresponding environmental restoration. Unlike past BRAC rounds, many years have passed and the DOD's established environmental restoration program has already begun remedial actions at many locations. These actions have already established the cleanup standards and installed appropriate equipment. It may be difficult to significantly alter these cleanups that are already in progress. However, there may also be many sites on installations that have not been addressed, perhaps because they did not warrant attention while the installation was an industrial facility. These sites will require review and a determination on what future cleanup action will be required.

24. Senator ENSIGN. Mr. Grone, in disposing of surplus BRAC property, will there be any change in the government's practice of cleaning up the property to planned re-use as opposed to clean-up to a current military use standard?

Mr. GRONE. As stated in the answer to Question 23, the Department will give substantial deference to the communities' approved redevelopment plans when determining proper disposal. The disposal plan, including the corresponding land use,

will be used by the installation BRAC team, in consultation with the LRA and environmental regulatory agencies, to determine the appropriate level of environmental restoration. The cleanup standard will, of course, be determined in complete accordance with the requirements in CERCLA and RCRA.

25. Senator ENSIGN. Mr. Grone, to what extent do you plan to rely on previously authorized “early-transfer” authority to transfer property to others for re-use before all contaminants have been cleaned up?

Mr. GRONE. The Department will use all tools available to expedite community redevelopment and recovery. The Military Departments will develop a highly tailored approach for each situation. The specific approach may include the use of the “early transfer” authority. But it is premature to try to determine where and how often “early transfer” will be used.

26. Senator ENSIGN. Mr. Grone, to what extent do you envision reliance on privatizing environmental clean-up through transfer agreements rather than the government itself completing clean-up of BRAC sites itself prior to property transfers being made?

Mr. GRONE. The Department believes that leveraging the market and using the proven expertise of private developers to concurrently conduct environmental restoration and economic development may, in some cases, speed the redevelopment and recovery of affected communities while ensuring all legally required restoration is fully accomplished. The Department will use all the tools at its disposal to expedite the return of property to productive use. However, the Department believes it is too early to speculate on the extent we will transfer the property and allow private entities to conduct environmental restoration rather than completing the restoration ourselves.

FUTURE YEAR MILITARY CONSTRUCTION FUNDING

27. Senator ENSIGN. Mr. Grone, the DOD projects that \$5.7 billion will be required in fiscal year 2007 to continue the implementation of BRAC decisions. How will this level of funding affect the ability of the DOD to dispose of property in a timely manner?

Mr. GRONE. The \$5.7 billion is built around all anticipated BRAC requirements for fiscal year 2007 to include disposal of property.

28. Senator ENSIGN. Mr. Grone, given the significant MILCON funding that will need to be devoted to implementing the results of the 2005 BRAC round, what impact will that have on budgeting for non-BRAC related MILCON requirements over the next few years given other competing pressures for MILCON funding here in the U.S., and overseas in implementing rebasing actions there?

Mr. GRONE. The Department will continue to submit an annual MILCON program that supports the operational forces, accomplishes the mission and provides quality-of-life support to service members. The BRAC funding is the amount that is considered necessary to effectively and efficiently implement the approved BRAC recommendations.

In the FYDP submitted with the fiscal year 2006 President’s budget, non-BRAC MILCON funding, excluding family housing, increases during BRAC implementation as shown below:

(In billions of dollars)

Fiscal Year				
2007	2008	2009	2010	2011
6.5	8.2	9.1	9.3	10.0

29. Senator ENSIGN. Mr. Prosch, Secretary Penn, and Secretary Gibbs, are each of your Services planning to meet the DOD goal to fund MILCON by fiscal 2008 at a level that will result in a 67-year recapitalization rate? If not, why not, and in what year will you meet the DOD goal?

Mr. PROSCH. Under current Army planning, we do not expect to achieve a 67-year recapitalization rate until fiscal year 2011. We are focusing the majority of our military construction program to enable Army transformation in support of the global war on terrorism.

Mr. PENN. Both the Navy and the Marine Corps show continued incremental progress in moving to the DOD 67-year recapitalization rate goal by fiscal year 2008, but fall short in the current FYDP. The Navy achieves a recapitalization rate of 68 years in fiscal year 2009, while the Marine Corps achieves a 72-year recapitalization rate in fiscal year 2008. Both the Navy and the Marine Corps opted to meet other facility goals, such as the Department of Defense goal to achieve 95 percent facility sustainment in fiscal year 2006 and 100 percent by fiscal year 2008, while accepting greater risk in the facility recapitalization rate to meet other pressing needs. The 67 year recapitalization by fiscal year 2008 remains a Department of Defense goal. Further progress towards meeting that goal will be considered in future budget submissions.

Mr. GIBBS. The Air Force is currently programmed to achieve a facility recapitalization rate of 67 years by fiscal year 2008.

CENTRALIZED MANAGEMENT OF INSTALLATIONS

30. Senator ENSIGN. Mr. Prosch and Secretary Penn, both the Army and Navy decided in recent years to centralize the management of installations into one agency for each Service, the Installation Management Agency (IMA) for the Army, and Commander, Naval Installations for the Navy (CNI). This reorganization removed the management of operations and maintenance resources from the local installation commander and placed these responsibilities with regional offices and a national headquarters. The concern has been raised that the commanders charged with accomplishing the mission no longer have control of all resources. Furthermore, centralized management has resulted in a disparate and disproportionate allocation of resources to installations that squeak the loudest, as opposed to where the funds are actually needed. What is being done within these two agencies to improve the ability of installations and their commanders to support mission requirements?

Mr. PROSCH. Before IMA's activation, 15 major Army commands around the world managed Army installations. IMA provides the Army with a single agency and a corporate structure to help us provide equitable, effective, and efficient management of Army installations worldwide. Base support dollars are sent directly from IMA to the garrison in order to meet the Army's most critical base support needs. IMA has leveled the playing field for all installations. Resources are now allocated using standard Department of Defense- and Army-approved models to distribute resources, versus previous methodologies which resulted in unbalanced funding.

Mission commanders are freed from the day-to-day management of installations, which allows them to concentrate on training, producing an expeditionary force, and fulfilling the Army's warfighting mission. IMA supports mission requirements by continually promoting the well-being of soldiers, civilians, and family members; improving and preserving infrastructure and the environment; and supporting mission readiness and execution. IMA also supports mobilization and demobilization; provides relocatable buildings to support the global war on terror and the Army Modular Force; vehicle and range maintenance; airfield operations; battle simulations; facilities maintenance and repair; common levels of support; information management services; implementation of standard garrison organizations; and much more.

Mr. PENN. The Navy believes that centralized management under the Commander, Navy Installations improves the base commanders' ability to support the warfighter and operational mission requirements while maintaining or improving installation services and reducing costs. CNI is aligning resources to mission based on output driven metrics. For example, the Navy had previously been resourcing all Naval Air Stations the same way instead of considering their unique mission requirements. Under CNI, an air station with less than 24-hour/7-day flight operations is resourced to support reduced tempo of flight operations.

31. Senator ENSIGN. Mr. Prosch and Secretary Penn, have you identified any processes and procedures in the installation management processes that could be changed to enhance operational support?

Mr. PROSCH. The Installation Management Agency (IMA) is continually reviewing and evolving a number of processes and procedures to enhance operational support. The Army established standards for the quality services that our Soldiers, civilians, and family members have a right to expect in the Installation Status Report. The Common Levels of Support program puts in place a mechanism to deliver these services consistently at all installations.

IMA is managing the readiness of our facilities through a prioritization process and other programs like the Barracks Improvement Program to ensure that soldiers and their families live, train, and work in the best possible facilities. The Installa-

tion Design Guide established standards for our facilities and infrastructure that ensure a sense of order, uniformity, community, and completeness to our installations. In addition, IMA is also pursuing a number of initiatives, such as business process redesign, a standard garrison organization, and activity based costing and management to achieve new efficiencies and improve effectiveness and consistency in the delivery of services.

Mr. PENN. Commander, Navy Installations has identified numerous business process improvement initiatives in place or underway. Examples include:

- Development of an overall business management program with supporting integrated process teams that develop and implement standards, metrics, and service levels for shore installation management functions. Most notable of these are capability based planning, budgeting and program execution for base operations services using output driven metrics.
- Identification of major shore installation management efficiency initiatives including joint inter-service and interagency initiatives, functional consolidation, organizational streamlining and process efficiency.
- Implementation of an annual shore installation management stockholders' (performance) report.

OFFICE OF ECONOMIC ADJUSTMENT FUNDING

32. Senator ENSIGN. Mr. Grone, in your written testimony, you state "The Department recognizes it has an obligation to assist communities impacted by BRAC 2005. The Defense Economic Adjustment Program will include assistance for communities to plan for the civilian redevelopment of available real and personal property; and implement local adjustment actions to assist impacted workers, businesses, and other affected communities." The DOD has requested funds in 2006 to carry out BRAC actions that exceed any amounts requested in the first year of the previous BRAC rounds, yet the amount requested in the 2006 President's budget for the Office of Economic Adjustment (OEA) is a 57-percent decrease from the adjusted fiscal year 1996 request. This year, the Department has requested \$30 million after receiving \$57 million in 2004 and \$89 million in 2005. In a year where BRAC will have a significant impact on local communities, why did the DOD request funding for the OEA that is a fraction of previous years and if the OEA has a vital mission to assist communities, why is the 2006 budget request for this organization well below historic trends?

Mr. GRONE. The President's fiscal year 2006 funding request for the Office of Economic Adjustment is based on the need (without the recommendations being known) to begin working with communities to identify their needs once BRAC decisions are made. Future requests will be revised once the breadth of community needs is identified. The Department requested an additional \$18 million over OEA's base programs in the President's fiscal year 2006 budget to initiate its program of adjustment assistance. I would also like to clarify the referenced fiscal year 2004 and fiscal year 2005 figures actually overstate OEA's core program requirements since \$46,800,000 and \$46,875,000 in line itemed projects were also provided in each respective fiscal years. Additionally, unlike the previous BRAC rounds where Base Transition Coordinators (BTCs) were mandated under statute, BTCs will not be funded by OEA in the upcoming round so the request would be less by \$1-\$2 million.

33. Senator ENSIGN. Mr. Grone, what will be the impact of the services provided by the OEA to communities from the proposed level of funding?

Mr. GRONE. The fiscal year 2006 budget proposed to fund OEA and its community adjustment program at \$30.4 million. Of this figure, \$8.7 million is necessary to directly support OEA staffing and operations, and \$21.7 million will be available for direct grant and technical assistance to state and local governments as well as to conduct required outreach to affected jurisdictions and other Federal agencies under the President's Economic Adjustment Committee and the Defense Economic Adjustment Program. Communities will be funded on the basis of need, first-come-first-funded (consistent with 10 U.S.C. § 2391(C)(7)), and subject to the availability of appropriations for this purpose. fiscal year 2006 will be an important period for communities in response to Base Realignment and Closure (BRAC), and affected State and local governmental entities will need to organize themselves immediately, start redevelopment planning, and initiate local adjustment activities.

34. Senator ENSIGN. Mr. Grone, to what extent is the administration planning to support government-wide assistance to communities to help them recover from the adverse impacts of BRAC?

Mr. GRONE. The Department is building upon the effectiveness of the Defense Economic Adjustment Program (DEAF) to assist in the alleviation of community effects that may result from BRAC actions. As an agency whose primary responsibility is national security, DOD relies heavily on the domestic Federal agencies to assist local adjustment efforts through technical and financial support. Therefore, the Department will work through the Office of Economic Adjustment, as it manages the DEAF, coordinates Federal adjustment assistance, and assists communities to organize and respond to these impacts. Among activities currently being undertaken to assist communities that may be impacted by the 2005 round:

- Reinvalidate the President's Economic Adjustment Committee (EAC) by amending Executive Order, 12788 to expand its purview to address certain regulatory issues and update its membership to include all Federal agencies with programs that can assist local economic recovery. This change would also designate the Secretaries of Labor and Commerce to be co-Vice Chairs.
- Meeting with many Federal agencies to inform them of the upcoming BRAC activity, review their programmatic roles in assisting communities, and adjust funding requests to address demand in implementation.

35. Senator ENSIGN. Mr. Grone, is DOD working with pertinent cabinet level agencies and the Office of Management and Budget to ensure that adequate plans and budget authority are being programmed to provide assistance to communities in dealing with the adverse effects of BRAC?

Mr. GRONE. Yes, we are working with the pertinent Federal Agencies as well as OMB. This will be most important for the fiscal year 2007 budget year when many communities would likely be entering the implementation phases of their programs. For the Department of Labor, where an impact on existing program resources may be realized as soon as this December, we are coordinating the Department's effective personnel transition assistance with Labor's workforce investment resources to optimize the support available to potentially affected workers.

QUALITY OF LIFE PRIORITIES—CHILD CARE

36. Senator ENSIGN. Mr. Prosch, Secretary Penn, and Secretary Gibbs, in a recent hearing, the top enlisted members of each Service were asked to name the top concerns they heard from their troops relative to quality of life for military members and their families, aside from continuing the very successful housing privatization program. They all responded that the biggest concern in the rank and file is the availability of child care facilities. I guess that makes sense in a time of war when so many military personnel are being deployed overseas. The DOD estimates that an additional 38,000 spaces are needed to meet a total requirement of 215,000 spaces in 2005. Do each of your Services have any investment plans to address the issue of a lack of child care facilities?

Mr. PROSCH. Yes, the Army has a strategy to ensure increased child development center construction consistent with Army Transformation. Each installation has a plan that estimates the demand for child care and outlines the installation's ability to meet that requirement. During this period of transformation, the Army plans to use relocatable facilities when permanent construction cannot be accomplished in time to meet child care demand. These relocatable facilities will be linked to permanent military construction projects. To match facilities with requirements in an effective and timely manner, the Army has standard designs for child development centers that will be the basis for construction of the relocatable facilities and follow-on permanent structures. A recently completed prototype relocatable facility at Fort Myer, Virginia, was designed, constructed, and available for use in 120 days.

Mr. PENN. The Department of Defense goal is to provide childcare spaces to meet the need of our military families. As of the end of fiscal year 2004, the Navy provides 46,000 spaces towards an estimated need of 52,000 spaces. The Marine Corps provides 13,000 spaces towards an estimated need of 16,000 spaces. Navy has successfully augmented facility-based care by expanding in-home care programs, adding approximately 5,000 additional spaces since 2000. To meet the requirement of global war on terrorism, Navy has established group homes in Norfolk and Hawaii. These homes, open 24/7, meet the needs of shift workers and watch standers. More recently we entered into contracts with the National Association of Child Care Resource and Referral Agencies (NACCRRRA) and Boys and Girls Clubs of America (B&GCA) for community based, subsidized, accredited childcare and youth develop-

ment spaces for military members serving throughout the continental United States without installation infrastructure to support them.

Navy and Marine Corps continue to be sensitive to the high OPTEMPO in fleet concentration areas by establishing emergency childcare strategies to meet the needs of our deployed personnel.

Navy and Marine Corps are working with the OSD Office of Children and Youth and other Services to develop and implement a joint DOD investment plan to continue to improve child development and youth services for our military members.

Since 2000, the Marine Corps has invested \$13 million in Child Development Center construction. Between 1990 and 1999 the Navy has invested over \$35 million in Child Development Center construction. Navy and Marine Corps installations have not identified any near-term high-priority requirements for Child Development Center construction. Should they do so in the future, the requirements will be considered along with other facility needs.

Mr. GIBBS. The Air Force investment plan takes a two-pronged approach to increasing child care availability. First, we continue to aggressively pursue military construction projects. There are 14 projects scheduled for fiscal year 2006–fiscal year 2011 totaling \$98 million and providing 4,000 additional child care spaces. A Construction Validation Study was recently completed to assess each of these projects plus nine additional sites where child care waiting lists are long. Second, the Air Force has established a contractual partnership with local and national Child Care Resource and Referral agencies to recruit community family child care providers. This partnership will supply up to 2,000 quality, affordable spaces near 13 installations where waiting lists are long or child care costs off installation are excessively high. Plans are being developed to expand this community family child care initiative to geographically separated units, Air Force recruiters, and Reserve Officer Training Corps (ROTC) instructors.

ANTI-TERRORISM/FORCE PROTECTION STANDARDS FOR LEASED FACILITIES

37. Senator ENSIGN. Mr. Grone, the DOD adopted anti-terrorism/force protection standards for all DOD owned and leased facilities in September 2002. These standards are required to be applied to all facilities newly leased by DOD or by the General Services Administration on behalf of DOD by October 1, 2005. The standards must apply to all currently leased space by October 2009. These standards will require either extensive modifications to existing buildings or the movement of DOD personnel to facilities meeting the DOD anti-terrorism/force protection criteria. Will lessors to DOD be given options to mitigate risk of attack to existing facilities in lieu of ensuring strict compliance with DOD facility standards in order to meet the 2009 deadline, and can you provide a cost estimate and investment strategy required to meet the 2009 DOD goal?

Mr. GRONE. First, the standard only applies to new leases initiated after October 1, 2005 and for existing leases where the lease is renewed after October 1, 2009. Current leases that are extended prior to October 1, 2009 are exempt until after the extension expires. Second, DOD must occupy a minimum of 25 percent of the net floor area for the standards to apply. Third, only that portion of the building that houses DOD people must comply with the standards. In addition, the standard includes flexibility on standoff with mitigation. The lessor has this option in lieu of strict compliance with standoff requirements. It is unknown at this time how the current lease/extension structure will develop over the next few years, and all buildings will not be affected at the same time with many extensions remaining well past 2009.

38. Senator ENSIGN. Mr. Grone, what impact will the implementation of these standards have on civilian urban areas with a high density of DOD personnel, such as Crystal City, Virginia, and Washington, DC?

Mr. GRONE. DOD currently occupies approximately 2.4 percent of the office space available for rent in the National Capital Region. It is unknown at this time how the current lease/extension structure will develop over the next few years, and all buildings will not be affected at the same time with many extensions remaining well past 2009.

39. Senator ENSIGN. Mr. Grone, will the standards be applicable to private/public ventures, such as enhanced leasing initiatives and the privatization of unaccompanied barracks?

Mr. GRONE. DOD intends for the standards to apply in all situations where DOD personnel occupy buildings. Building type and the number of DOD people within the building define the application of the standard.

CONTINGENCY CONSTRUCTION AUTHORITY

40. Senator ENSIGN. Mr. Grone, Congress provided the military services with a 1-year authority in 2004 that would allow combatant commanders to use operations and maintenance funds to carry out MILCON projects with certain conditions. Congress extended this temporary authority for another year in 2005. One of the conditions is that "the construction is not carried out at a military installation where the United States is reasonably expected to have a long-term presence." In light of the recently released Integrated Global Posture Strategy, how does the DOD define "enduring presence" and what is the likelihood of continued use of this temporary authority?

Mr. GRONE. As the Department transforms its overseas posture, we seek to have a mix of permanently stationed and rotational forces that can be quickly deployed to crisis areas. Our goal to push relevant capabilities forward does not necessarily require us to maintain large numbers of permanently stationed forces in enduring locations. We will retain, but consolidate, some main operating bases in places like Germany, Italy, the U.K., Japan, and Korea for our permanently stationed forces. In addition, we will rely on forward operating sites with rotational presence and pre-positioned equipment. We also will have access to a broad range of cooperative security locations, the term we use for facilities with little or no permanent U.S. presence.

Use of the temporary authority to carry out MILCON projects with certain conditions is essential in permitting DOD to react to emergency situations and construct facilities that contribute to our success in the global war on terror.

FACILITIES FOR MAJOR WEAPON SYSTEMS

41. Senator ENSIGN. Secretary Penn, I have a question about the process in which the Navy determines facility requirements and programs investment to support a new weapon system or the relocation of a weapon system. It is my understanding that, in accordance with the National Environmental Protection Act (NEPA) of 1969, an Environmental Impact Statement (EIS) must be completed before new facilities and infrastructure can be constructed, if the facilities and infrastructure will have a significant impact on the environment. You recently testified before the House Appropriations Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies, that the Navy would support congressional action to add funding to the fiscal year 2006 budget to construct facilities at Mayport, Florida, which would support the homebasing of a nuclear aircraft carrier. Has an EIS been initiated by the Navy to assess the requirements related to the homebasing of a nuclear carrier at Mayport, Florida? If so, on what date was the EIS initiated? Has the EIS been completed?

Mr. PENN. The Navy has not initiated an EIS to assess the requirements for homebasing a nuclear carrier at Mayport. The Secretary of the Navy will allow adequate time for full consideration of BRAC decisions before initiating the EIS for moving a CVN to Mayport. Accordingly, the Navy will not consider initiating an EIS for Mayport CVN homeporting until after the BRAC 2005 Commission has submitted its recommendations to the President.

42. Senator ENSIGN. Secretary Penn, can the Navy start construction of facilities and infrastructure to support the homebasing of a nuclear aircraft carrier at Mayport, Florida, prior to completion of the EIS? If so, please explain the process, and if not, how can the Navy support the addition of funds into the fiscal year 2006 budget for construction of facilities and infrastructure before a decision is made as part of the EIS process?

Mr. PENN. The Navy may not start construction of facilities and infrastructure specifically intended to support the homebasing of a nuclear aircraft carrier at Mayport, Florida, prior to completion of the necessary National Environmental Policy Act (NEPA) documentation, which in this case will likely be an Environmental Impact Statement (EIS). Doing so would violate NEPA, which directs Federal agencies to consider environmental impacts associated with agency actions before decisions are made to move forward with those actions. The EIS will provide detailed analysis of environmental impacts that will ensure the Navy understands those impacts before a decision is made.

Prior to completion of an EIS, a Federal agency can do design work (e.g., developing facility designs and footprints) and studies (e.g. water quality, test borings and soil sampling) that help flesh out the proposed action and assist in environmental analysis that are a part of the NEPA process.

At the end of the NEPA process, the agency issues a Record of Decision (ROD). The ROD identifies alternatives that were considered in the analysis, the alternative selected by the agency, and any mitigation measures the agency intends to use to lessen environmental impacts. The ROD concludes the NEPA process. If military construction funds specifically for CVN homeporting were to be provided by the Congress in fiscal year 2006, the Navy could not use those funds until the NEPA process is complete. Additionally, the Navy could not allow the fact that Congress provided such MILCON funding to influence its decision regarding whether or not to continue aircraft carrier presence at Mayport. The Navy now estimates it will take 24–36 months to conduct the EIS and sign a ROD. Thus if the Navy were to decide in the ROD to continue an aircraft carrier presence at Mayport by homeporting a CVN there, it is likely that award of a CVN-related construction project would be deferred to fiscal year 2007 or fiscal year 2008.

CLEAN AIR ACT AMENDMENTS

43. Senator ENSIGN. Mr. Grone, the Department's proposals to amend the Clean Air Act, the Resource Conservation and Recovery Act (RCRA), and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, commonly known as Superfund) were provided to this committee late last week. Please describe what each proposal is intended to do and why it is needed.

Mr. GRONE. The intent of the RCRA and CERCLA proposals is unchanged from last year—to clarify and confirm the longstanding, uniform understanding of State and Federal regulators that military test and training on operational ranges is not a RCRA waste management activity or a CERCLA release. The proposals respond to contrary assertions by private litigants. They are needed to preclude the use of RCRA and CERCLA to shut down munitions testing and training on operational ranges. These changes will reduce the likelihood of range closures or restrictions affecting live-fire readiness activities on military ranges. The provisions will ensure that critical live-fire training and testing opportunities for our service men and women are protected, and that the health and welfare of our military personnel on these ranges or installations as well as all citizens outside our range boundaries will remain secure.

The intent of the Clean Air Act proposal is also unchanged from last year—to give the States and DOD the flexibility to accommodate new military readiness activities in a States' Clean Air Act State Implementation Plan (SIP). The provision is necessary to facilitate the relocation of forces critical to military transformation and the efficient use of forces.

44. Senator ENSIGN. Mr. Grone, can you provide examples of how readiness and training are impacted under current law such that these changes are warranted?

Mr. GRONE.

CAA

The Department of Defense (DOD) regularly relocates forces among installations throughout the United States and the world in order to best position them for potential use and to optimize training opportunities. The Clean Air Act's "general conformity" requirement, applicable only to Federal agencies, has threatened deployment of new weapons systems and the movement of forces among installations despite the relatively minor levels of emissions involved. Without a reasonable time period to meet Clean Air Act conformity requirements, the ability to operate in Clean Air Act non-attainment or maintenance regions is threatened.

The Department has experienced several "near-misses" where the Clean Air Act conformity requirement threatened the realignment of forces:

- The planned movement of F-14s from Naval Air Station (NAS) Miramar to NAS Lemoore in California was only possible because of the fortuity that neighboring Castle Air Force Base in the same air-shed had closed, creating offsets. The same coincidence enabled the home basing of new F/A-18s at NAS Lemoore.
- The movement of F/A-18s from Cecil Field, Florida to NAS Oceana in Virginia was made possible only by chance, since Virginia was in the midst of revising its State Implementation Plan and was able to accommodate the new emissions. The Hampton Roads area in which Oceana is located will

likely impose more stringent limits on ozone in the future, reducing the State's flexibility.

As these near-misses demonstrate, under the existing Clean Air Act conformity requirement there is limited flexibility to accommodate readiness needs, and DOD is barred from even beginning to take readiness actions until the requirement is satisfied.

RCRA and CERCLA

The main concern addressed by our RCRA and CERCLA proposals is to protect against litigation the longstanding, uniform regulatory policy that use of munitions for testing and training on an operational range is not a waste management activity or the trigger for cleanup requirements.

This legislation is needed because of RCRA's broad definition of "solid waste," and because states possess broad authority to adopt more stringent RCRA regulations than EPA (enforceable both by the states and by environmental plaintiffs). EPA therefore has quite limited ability to afford DOD regulatory relief under RCRA. Similarly, the broad statutory definition of "release" under CERCLA may also limit EPA's ability to afford DOD regulatory relief.

Although its environmental impacts are negligible, the effect of this proposal on readiness could be profound. Environmental plaintiffs filed suit at Fort Richardson, Alaska, alleging violations of CERCLA and an Alaska anti-pollution law they argued was applicable under RCRA. Among plaintiffs' assertions were claims that the Army's use of munitions on the Eagle River Flats (ERF) range in training its soldiers required RCRA permits, as well as initiation of cleanup activities under CERCLA. Plaintiffs' lawsuit sought to enjoin further live fire training at ERF. Because of ambiguities in current law regarding the applicability of environmental regulations, including those under RCRA and CERCLA, to critical testing and training on military ranges, the Army settled the case as the best way to ensure training could continue at ERF. Had the plaintiffs been successful, the case would not only have potentially forced remediation of the Eagle River Flats impact area and precluded live-fire training at the only mortar and artillery impact area at Fort Richardson, but it could have set a precedent fundamentally affecting military training and testing at virtually every test and training range in the U.S. This was a risk that the Army and the Department of Defense could not afford.

In addition to the Fort Richardson case, the United States was sued under RCRA on three occasions regarding Navy operations at the range on the island of Vieques, Puerto Rico. Most recently, in *Waterkeeper v. Department of Defense*, plaintiffs sued to stop Navy training on the range. The RCRA claims covered ordnance debris and unexploded ordnance on the Live Impact Area (LIA) of the Vieques range in addition to claims that the actual firing of ordnance onto the LIA constituted a disposal of solid or hazardous waste.

Some critics of these proposals have argued that such suits are not a sufficient justification to go forward with the RCRA and CERCLA provisions. We believe, however, that the risks inherent in these lawsuits provide ample justification for the proposals. This is particularly true because the proposals merely clarify longstanding regulatory practice and understanding of the Department, the Environmental Protection Agency, and the States. Together, the provisions simply confirm that military munitions are subject to EPA's 1997 Military Munitions Rule while on range, and that cleanup of operational ranges is not required so long as the material stays on range.

45. Senator ENSIGN. Mr. Grone, what outreach with the States has DOD done and are the States supportive of these changes or do they object?

Mr. GRONE. Most of the changes to this year's legislative proposal grew out of intensive discussions with State officials and are designed to address specific concerns raised by the States. For instance, this year's CAA proposal adds a requirement for written state concurrence before the 3-year extension to complete conformity planning is effective. The language in our RCRA and CERCLA proposals are a direct result of discussions with individual state representatives and collaboration with state associations, such as the Environmental Council of the States, the National Governors' Association, the National Association of Attorneys General, and the Conference of Western Attorneys General.

46. Senator ENSIGN. Mr. Grone, what has DOD done to respond to the concerns of environmental groups about amendments to the Clean Air Act, RCRA, and CERCLA?

Mr. GRONE.

CAA

The Clean Air Act amendment has changed in two ways from the provision proposed last year. Both of these changes are in direct response to concerns addressed by environmental stakeholders.

First, in response to concerns expressed by state regulators and environmental associations that our proposal forced states to accept new readiness activities in areas that were not in compliance with Clean Air Act standards, we added an express requirement for written state concurrence before the 3-year extension to complete conformity planning is effective. The Department never intended that our proposal would be interpreted to require the states to accept new readiness missions over their objections. By adding the requirement for written state concurrence, we have made it clear that the provision is intended to offer flexibility, rather than impose new missions on unwilling states.

In addition, this year's proposal expands on the "hold harmless" concept embodied in previous versions of the amendment. In our discussions with states, we learned that the proposal in prior years had not provided adequate assurances that states would not be penalized if a failure to meet air quality standards was a result of the 3-year extension in conformity compliance offered by the proposal. Specifically, we were asked to add a reference to section 187(g) of the Clean Air Act which deals with carbon monoxide non-attainment. We have added that reference.

RCRA and CERCLA

The Department has actively reached out to stakeholders, listened to their concerns regarding our proposals, and addressed those concerns by modifying and clarifying our RCRA and CERCLA proposals. The result has been an evolution in our proposals that we believe provides essential protections for munitions related readiness activities on our operational ranges and ensures protection of health and the environment. Over the past several years, we have worked with EPA to make it absolutely clear that nothing in our proposal alters EPA's existing protective authority in section 106 of the Superfund law. In our proposal, EPA retains the authority to take any action necessary to prevent endangerment of public health or the environment in the event such a risk arose as a result of use of munitions on an operational range. Further, the proposed amendments were modified to clarify that they do not affect our cleanup obligations on ranges that cease to be operational. This was in response to the misapprehension by some that the proposal could apply to closed ranges. To make this latter point even clearer, after submitting our proposal to Congress 2 years ago, EPA and DOD continued to refine the RCRA and CERCLA provisions. This collaboration produced a further revision designed to underscore that our proposals have no effect whatsoever on our legal obligations with respect to the cleanup of closed bases or ranges or on bases or ranges that close in the future.

In the summer and fall of 2003, we presented the language we had developed in cooperation with EPA to a broad range of stakeholders for their consideration. As a result of discussions with individual state representatives and at meetings of associations of state officials, such as the Environmental Council of the States, the National Governors' Association, the National Association of Attorneys General, and the Conference of Western Attorneys General, we eliminated the "CERCLA preference" which had been included in previous versions of the proposal. Earlier drafts of the RCRA provision provided that munitions or constituents that migrate off range are considered a waste, but only if they are not addressed under CERCLA. In response to the criticism that this provision went beyond DOD's intent to protect our readiness activities on ranges, the Department deleted it from the current discussion draft.

Finally, this year's language has again been modified to address concerns raised by environmental stakeholders. In addition to renumbering and reorganizing the provisions in response to stakeholder concerns regarding clarity, we modified some of the language to address concerns that the language could be interpreted to shield munitions disposed of off an operational range from the operation of RCRA. As noted, since our proposal is intended only to provide protections for the use of munitions for their intended purpose in testing and training, and only so long as they remain on an operational range, we were happy to provide this clarification.

47. Senator ENSIGN. Mr. Grone, are any proposed changes to environmental laws necessary to carry out this round of BRAC?

Mr. GRONE. No.

CHANGES IN ENVIRONMENTAL LAWS

48. Senator ENSIGN. Mr. Grone, in the National Defense Authorization Acts for Fiscal Year 2003 and Fiscal Year 2004, Congress made changes to environmental laws intended to provide greater clarity for the Department and to ensure that the Department could provide realistic combat training to our young men and women while also being good stewards of the environment. Specifically, Congress modified the Migratory Bird Treaty Act in the National Defense Authorization Act for Fiscal Year 2003 and the Endangered Species Act and Marine Mammal Protection Act in the National Defense Authorization Act for Fiscal Year 2004. What has been the impact of those changes?

Mr. GRONE. The changes to all three laws have been positive from both a readiness and an environmental perspective.

Changes to the Migratory Bird Treaty Act exempting military readiness activities from incidental take prohibitions are allowing testing and training to proceed, preventing regulatory creep, and avoiding new and expensive regulatory burdens. At the same time, DOD continues to study impacts of actions on migratory birds and to take protective actions, and remains active in partnerships and programs to protect migratory birds such as Partners in Flight, a consortium of Western Hemisphere partners dedicated to the conservation of neotropical migratory birds and their habitats.

Changes to the Endangered Species Act associated with the use of Integrated Natural Resource Management Plans to serve in place of Critical Habitat are avoiding fragmenting and reducing test and training areas, allowing more realistic training, and avoiding loss of lands capable of supporting military missions. These provisions allow holistic approaches to natural resource management. The Department continues to coordinate INRMP development with U.S. Fish and Wildlife Service and is fully compliant with the Endangered Species Act.

Changes to the Marine Mammal Protection Act redefining the definition of "harassment" to exclude biologically insignificant behavioral changes, adding a national security exemption, and clarifying language on small takes and geographic operating limitations follow the recommendations of independent scientists and research panels. These changes have brought greater certainty to both the regulators and DOD, which in turn has provided for greater training flexibility and increased realism. DOD remains committed to its leadership role in marine mammal research and in developing protective measures.

49. Senator ENSIGN. Mr. Grone, are there problems that have surfaced since those changes that we ought to address and is DOD having any problem implementing the changes?

Mr. GRONE. The regulations implementing the relief granted for military readiness activities under the Migratory Bird Treaty Act (MBTA) have not been finalized. The Department of the Interior has drafted a final rule for interagency review, with which DOD has informally concurred. Once the rule has been finalized and published in the Federal Register, potential plaintiffs have 120 days in which to challenge the rule in Federal court. Although we do not expect a need for additional legislative relief under the MBTA, it is too soon to know for sure, as the need for additional relief depends on whether or not the rule is challenged and the outcome of that challenge.

Reauthorization of the Marine Mammal Protection Act (MMPA) is still pending. It is DOD's position that NDAA for Fiscal Year 2004 MMPA amendments for military readiness activities must be preserved through the reauthorization process. Again, it is too soon for us to know if additional congressional assistance will be needed.

PERCHLORATE

50. Senator ENSIGN. Mr. Grone, the problem of perchlorate contamination of drinking water resources is a major concern in many Western states. Last year—despite the fact that the Environmental Protection Agency (EPA) had not yet set a drinking water standard—we expressed a Sense of Congress that DOD ought to move forward in developing a remediation plan for perchlorate contamination caused by DOD activities. We also said that DOD should continue the process of evaluating and prioritizing perchlorate contamination sites. What has DOD done over the last year to address the perchlorate issue?

Mr. GRONE. The Department is committed to fulfilling the public's trust for protecting and restoring the natural and cultural resources on lands managed by DOD. In September 2004, DOD and the California Environmental Protection Agency final-

ized a procedure for prioritizing perchlorate sampling efforts at DOD facilities state-wide. The document provides guidance to DOD officials and their state of California agency counterparts on the steps each party will take to identify and prioritize areas on military sites where perchlorate has likely been released in close proximity to drinking water sources. This DOD/CA-developed agreement is the first of its kind in the country. The protocol addresses active and closed installations, non-operational ranges, and formerly used defense sites where funding has not already been allocated to address perchlorate.

Even though there is as yet no standard for perchlorate, the Department established in 2003 a requirement to sample for perchlorate and is in the process of developing policy which will require our installations and formerly used defense sites to evaluate the risk associated with perchlorate at our sites, and if warranted, initiate response actions to reduce or eliminate potential exposures to perchlorate. The Department will prioritize funding for remedial response activities based on each site's risk relative to other sites in our Defense Environmental Restoration Program inventory, to ensure our investment decisions bring about the greatest risk reduction.

51. Senator ENSIGN. Mr. Grone, what is your sense of when EPA will set a drinking water standard for perchlorate?

Mr. GRONE. I cannot speculate on how long it might take EPA to establish a drinking water standard. Through the Interagency Working Group on perchlorate, the Federal agencies are working on identifying and funding studies identified by the National Academy of Sciences to further clarify questions about perchlorate. Such studies should help EPA's deliberations.

52. Senator ENSIGN. Mr. Grone, how does the fiscal year 2006 budget address funding perchlorate cleanup?

Mr. GRONE. Perchlorate cleanup will be funded through the DERP budget. To ensure our investment decisions bring about the greatest risk reduction, the Department prioritizes funding for remedial response activities based on each site's risk relative to other sites in our Defense Environmental Restoration Program inventory.

53. Senator ENSIGN. Mr. Grone, is the funding level for fiscal year 2006 sufficient given the extent of possible perchlorate cleanup required?

Mr. GRONE. Yes, as new contaminants are identified, the Department integrates the site characterization, relative risk prioritization, and restoration activities into the existing Defense Environmental Restoration Program. Each phase of the process is estimated and budgeted for, by site, and included in the annual funding requirement for the Program. The annual funding requirement is designed to meet the Department's goal to have all sites on active Installations cleaned by fiscal year 2014 and Formerly Used Defense Sites cleaned by fiscal year 2020.

54. Senator ENSIGN. Mr. Grone, based on your current evaluation of potential perchlorate contaminated sites, how long will the cleanup take given the funding allocated for that purpose over the Future Years Defense Plan?

Mr. GRONE. The Department's goal is to remediate all sites by 2014. The Department will have better defined estimates for individual sites after we complete all site investigations. The length of cleanup time and cost to cleanup perchlorate will vary depending on the extent of perchlorate releases, and the type of technology selected for cleanup. The Department will update projected completion dates based on cost-to-complete information in the Annual Report to Congress when information becomes available.

DRINKING WATER AT CAMP LEJEUNE

55. Senator ENSIGN. Secretary Penn, in last year's National Defense Authorization Act, we asked the Government Accountability Office to review the drinking water contamination issue at Camp Lejeune. Is the Department of the Navy and the Marine Corps cooperating in this study and has any new information come to light?

Mr. PENN. Yes, we are fully prepared to cooperate in the study. However, as of this date, the Office of the Comptroller General has not contacted anyone in the Department of the Navy or the Marine Corps.

The impacts to some of Camp Lejeune's drinking water occurred over 20 years ago. The Marine Corps continues looking for new information to better understand this important issue. Recently, Camp Lejeune recovered several old utility logbooks dating before 1986. The Marine Corps is reviewing the logs and will give copies to

the Agency for Toxic Substances and Disease Registry, the former Drinking Water Fact-Finding Panel for Camp Lejeune, and other investigative agencies. The Marine Corps is also going to make the logs available to the public on its Web site after removing personal privacy information.

56. Senator ENSIGN. Secretary Penn, please describe what the Department of the Navy and the Marine Corps has done to address this issue and the concerns of marines and their families who believe they have health-related impacts due to contaminated drinking water at Camp Lejeune?

Mr. PENN. I want to first assure you that the health and welfare of our current and former Marines and their families has been and will continue to be our priority. The Agency for Toxic Substances and Disease Registry (ATSDR) is conducting a study to evaluate if there are specific birth defects and childhood cancers among children who were conceived or carried in utero by women who lived in base housing at Camp Lejeune any time between 1968 and 1985. The ATSDR expects to complete the study in early 2008. Although ATSDR has not determined who was exposed to the impacted water, or established an association between drinking impacted water and illness, the Marine Corps has initiated several actions to address concerns of citizens that believe they have been impacted by the past drinking water at Camp Lejeune.

- The Marine Corps has a toll-free hotline (877-261-9782) for the public to ask questions and make comments regarding Camp Lejeune's past drinking water;
- A Web site at www.usmc.mil/clsurveywith contains a wealth of information related to Camp Lejeune.
- Questions and comments may also be sent by e-mail to clsurvey@hqmc.usmc.mil.

The Marine Corps is assisting ATSDR's to locate individuals to participate in the initial survey, and providing logistical support and funding. They have provided information and data to support the ATSDR health study and water model.

A brief summary of events follows:

In 1992, the Agency for Toxic Substances and Disease Registry (ATSDR) made its first site visit to Camp Lejeune as part of its statutory duty to conduct a public health assessment (PHA). In 1997, the ATSDR published its PHA for Camp Lejeune. In the PHA, the ATSDR concluded that volatile organic compound (VOC)-impacted water would not likely harm adults. However, they recommended an epidemiological study of former Camp Lejeune residents to determine what effect, if any, the VOCs had on the health of children in the womb, considered by the ATSDR to be the most susceptible population. That study began as a health survey in September 1999.

The Marine Corps assisted ATSDR in identifying children eligible for the survey through targeted and global notifications. In January 2000, Camp Lejeune held an open house with base residents and the Jacksonville community to discuss issues about the drinking water previously discovered to contain VOCs.

In August 2000, Headquarters Marine Corps sent a message to all marines worldwide in an effort to reach potential ATSDR survey participants. Articles were published in numerous base newspapers including the Quantico Sentry, Camp Lejeune's Globe, and Camp Pendleton's Scout, which have a large retired military readership. Camp Lejeune also solicited participants for the ATSDR survey by sending a press release to other military base publications. In November 2000, Headquarters Marine Corps held a press briefing at the Pentagon asking media to assist in helping to reach survey participants.

On January 25, 2001, Headquarters Marine Corps sent a second message to all Marines worldwide in an effort to reach potential ATSDR survey participants. In February 2001, regional media outreach efforts began, and including: (a) TV stations—1,027 outlets; (b) daily newspapers—1,373 outlets; and (c) weekly newspapers—1,171 outlets. In total, 3,571 media outlets were contacted.

In 2001, Headquarters Marine Corps requested approval from the Department of Defense to release to the ATSDR the Social Security numbers of potential survey participants. In July 2001, Headquarters Marine Corps received approval from DOD for a limited release of Social Security Number information covered by the Privacy Act to the ATSDR. Based on extensive data searches by Headquarters Marine Corps, contact information for the names of potential survey participants was identified and forwarded to the ATSDR.

In January 2002, the ATSDR closed its survey with 12,598 eligible participants and began their analysis. In July 2003, the ATSDR released a progress report and concluded that a follow-on case control study was warranted. The Marine Corps par-

ticipated in publicizing this report through a press release, a webcast by the Deputy Commandant for Installations and Logistics, and by posting survey information on the Marine Corps Web page.

In March 2004, the Commandant of the Marine Corps commissioned a panel to learn more about why the Marine Corps closed the affected wells in 1985. This panel, chaired by the Honorable Ronald C. Packard, released its final report on October 6, 2004. The final report may be found on the Marine Corps Camp Lejeune drinking water Web page at: www.usmc.mil/clsurvey.

The panel found the Marine Corps acted responsibly, and saw no evidence of Marine Corps attempts to cover up information that indicated contamination in Camp Lejeune drinking water.

LOW FREQUENCY ACTIVE SONAR AND MARINE MAMMAL STRANDINGS

57. Senator ENSIGN. Secretary Penn, recent news reports and some environmental groups have tried to link use of Navy sonar to marine mammal strandings in Washington, Hawaii, and along the east coast. What is the Navy doing to better understand the impact of sonar on marine mammals?

Mr. PENN. The Navy is committed to the protection of marine mammals and is mindful of the potential effects that manmade sound may have on marine life. The Navy is a world leader in marine-mammal research, spending nearly \$10 million per year in this area, which represents 70 percent of the money spent on this type of research in the U.S. and approximately 50 percent spent worldwide. Additional information regarding the U.S. Navy's use of sonar can be found at www.whalesandsonar.navy.mil.

Researchers at Navy laboratories such as the Space and Naval Warfare Systems Center San Diego (SSC SD), Naval Undersea Warfare Centers, and Naval Surface Warfare Centers have investigated marine-mammal bioacoustics, the potential effects of sound, marine-mammal distribution and abundance, and passive acoustic detection of marine mammals. The Navy also collaborates with universities, institutes and technical companies, conservation agencies, and independent researchers around the world to better understand what combinations of ocean conditions, geography, and sonar usage patterns may lead to marine-mammal disturbances. Over 30 organizations are supported by Navy research and development funds for this purpose, primarily through grants from the Office of Naval Research, including: Advanced Acoustics Concepts Inc., Boston University, Cornell University, Duke University, Marine Acoustics Inc., Marine Mammal Research Consultants, Mount Sinai Medical College, National Marine Mammal Laboratory, New England Aquarium, Scripps Institute of Oceanography, University of California San Diego, and University of Hawaii. Research includes: (1) investigating marine mammal locations, abundance, and movement at sea; (2) developing criteria and thresholds to estimate the effects of sound on the physiology and behavior of marine mammals; (3) developing mitigation methods and new technologies for risk assessment; and (4) characterizing manmade underwater sound fields. Additional research includes auditory psychophysics, anatomy and physiology, field monitoring of behavioral response to manmade sound, tools for the assessment and mitigation of adverse effects from manmade sounds on the marine environment, and modeling and simulation tools for impact assessment and risk management. The Navy is also participating in the Federal Advisory Committee on the Effects of Anthropogenic Noise on Marine Mammals and in the Marine Mammal Commission's Beaked Whale Workshop.

58. Senator ENSIGN. Secretary Penn, the Navy used an outside panel of experts to study and evaluate the impact of its Low Frequency Active (LFA) sonar system on marine mammals. Has the Navy considered such a review of its mid-frequency sonar?

Mr. PENN. Current environmental planning efforts for Navy's use of mid-range active sonar do not incorporate the same approach used in the environmental analysis of SURTASS LFA. Navy's ongoing environmental analysis of mid-range sonar, relying on best available science as required by Federal law, uses a methodology that is better suited to the characteristics of this particular class of active sonar. This methodology is been implemented with the support of NMFS, and was independently used by NMFS in assessing the potential effects of U.S.S. *Shoup's* use of active mid-range sonar in Puget Sound on 5 May 2003. This methodology focuses on the cumulative exposure effects to marine mammals that could result from exposure to mid-range active sonar.

59. Senator ENSIGN. Secretary Penn, some foreign nations, including some of our allies, are being urged to place limits on use of military sonar. How would this impact the U.S. Navy's operations?

Mr. PENN. The global proliferation of extremely quiet submarines poses a critical threat to the maritime interests of NATO, its member states, and allies. The military use of sonar, and the ability to test and train with it, is critical to U.S. operational readiness and our national defense. Indeed, the National security interests of many nations require that naval forces be able to train with, test, and employ active sonar. The U.S. Navy recognizes that active sonar testing and training to defend against this threat must be accomplished in an environmentally sound manner that is science-based and protective of marine life. U.S. domestic legislation attempts to achieve this goal by weighing ocean environment interests with national security imperatives. The international regulation of military use of active sonar is problematic for the U.S. because of the potential to restrict the ability of the U.S. to balance the relevant national security and environmental interests.

ENCROACHMENT ON MILITARY INSTALLATIONS

60. Senator ENSIGN. Mr. Prosch, Secretary Penn, and Secretary Gibbs, does encroachment due to urban growth and environmental regulation remain a problem? If so, what are you doing about it?

Mr. PROSCH. Yes, encroachment as a result of both urban growth and environmental regulation remains a problem. Land in the vicinity of military installations is often attractive to development and land uses that are negatively impacted by noise, dust, and other results of routine military training, testing, and operations. In 2004 the Army surveyed installations to quantify the impact of encroachment on training proficiency. The results showed that restrictions and work-arounds decrease the quality of training by segmenting training, reducing realism, and decreasing desired proficiency.

Environmental regulations and natural resource management responsibilities also restrict our ability to train. Endangered species management and critical habitat designation still remain the Army's number one challenge with regard to environmental regulations. Urban sprawl contributes to natural resource consumption and degradation. The Army is also vulnerable to litigation from National Pollution Discharge Elimination System permitting requirements under the Clean Water Act (CWA). The Comprehensive Environmental Response Compensation and Liability Act and the Resource Conservation and Recovery Act as they are applied to munitions on our operational ranges also potentially impact our ability to train.

The Army is addressing encroachment in several ways. The Army has implemented the Army Compatible Use Buffer (ACUB) program, which seeks to protect lands and habitat for rare species in the vicinity of our installations, from incompatible development. This reaps benefits for our compliance requirements on installations and mission elements along the perimeter. Furthermore, the Army is encouraging its installations to become engaged members of their surrounding communities. Mechanisms for doing so include attending public meetings as well as participating in Joint Land Use Studies sponsored by Office of the Secretary of Defense's Office of Economic Adjustment.

Mr. PENN. Yes, encroachment of all types remains a continuing challenge. Our goal is to manage and operate our ranges and installations for their long-term viability while protecting human health and the environment. Both the Navy and Marine Corps have programs for range sustainability, which include the development of comprehensive range management plans and range assessments. The range assessments will analyze contamination from military munitions on operational ranges, including the potential hazards from off-range migration of munitions constituents. Actions will be taken to address threats to human health. The Navy and Marine Corps are also exploring ways to partner with states and communities to obtain "buffer" areas around ranges and airfields.

Mr. GIBBS. The potential problem of urban development around Air Force installations was identified as far back as the late 50s and it remains a potential problem to this day. The Air Installation Compatible Use Zone (AICUZ) program is our primary strategy to try to encourage compatible development near our installations. However, through the years the Air Force has employed a number of strategies to enhance the AICUZ program. These include intergovernmental/interagency coordination, and OSD's Joint Land Use Program. In recent years additional strategies and tools have been developed that allowed the Air Force to match the tool with the circumstances in order to obtain the greatest level of success. The Air Force con-

tinually evaluates these tools and strategies to determine if they need to be modified to meet today's needs, as well as identify new tools.

Encroachment from environmental laws remains an issue. Our mission is to train, equip and organize airpower assets for the combatant commander. At the same time, we must comply with a myriad of environmental laws and regulations. We are now treating the natural infrastructure used by our forces as an asset, and managing it as we do built infrastructure. Regulatory compliance is essential, and the protection of human health and the environment is mandatory in our resource management activities. Compliance activities and their attendant metrics, however, do not provide an adequate measure of program management effectiveness absent a clear linkage to operational requirements. By quantifying the various subcomponents of this natural infrastructure (i.e., air shed availability, wastewater discharge availability, etc.) we will be better able to manage the natural infrastructure and maximize the operational mission.

QUESTIONS SUBMITTED BY SENATOR JOHN THUNE

AIR FORCE BASE FORCE PROTECTION

61. Senator THUNE. Secretary Gibbs, many Air Force bases across this country were fairly open to their neighboring communities and possessed minimum security prior to September 11. What emphasis is the Air Force putting on improving base security through its military construction projects?

Mr. GIBBS. The Air Force places a very high emphasis on improving base security within our military construction program. All military construction facility projects now include funds to incorporate the latest facility protection standards necessary for anti-terrorism/force-protection (AT/FP). Furthermore, the Air Force has several military construction projects that are solely AT/FP related such as gate enhancements and fencing upgrades to protect our installations.

In terms of chemical/biological/radiological protection, up to 64 Air Force installations worldwide will receive the highest level of protection through the Guardian Installation Protection Program. By fiscal year 2011, the Guardian Joint Program Manager will protect the ability of up to 200 DOD installations worldwide to carry out their critical missions of national significance. The Guardian program will install a grid of chemical/biological/radiological detectors, provide additional response equipment and protective gear for first responders, install collective protection in the most critical facilities, and revise the installation's concept of operations to incorporate the Guardian capabilities.

AIR FORCE BASE RUNWAYS

62. Senator THUNE. Secretary Gibbs, what is the current operational state of our Air Force runways and taxiways at our bases?

Mr. GIBBS. Air Force (AF) runways and taxiways are in good shape. In the fiscal year 2003 Installations Readiness Report, Major Commands (MAJCOMs) indicated that on average, runways and taxiways at AF bases were C2, which means there were some pavement deficiencies with limited negative mission impact. Air Mobility Command (AMC), Pacific Air Forces (PACAF), and the United States Air Force Academy (USAF) were the only three MAJCOMs to rate their runways and taxiways C3 (i.e. significant deficiencies prevent the performance of some missions), which is primarily due to failing pavements and foreign object debris (FOD). All three MAJCOMs have projects either under construction or programmed for construction. These projects will bring the deficient pavements to C2 or better.

63. Senator THUNE. Secretary Gibbs, many of our Air Force runways were built decades ago. What is the average life cycle of these runways and are there plans and/or projects underway to upgrade or rebuild some of those that are showing signs of deterioration?

Mr. GIBBS. Many of our airfield pavements in the continental United States were constructed in the 1950s and 1960s. The Air Force has conducted a vigorous maintenance and repair program to include thick pavement overlays, slab replacement, joint replacement, and crack sealing to provide runways that last 50–60 years. The Edwards and Langley AFB runways are good examples of lasting runways. The actual pavement life realized will be impacted by the quality of construction, how the actual aircraft traffic experienced compares to the design criteria (i.e., more operations and/or higher operating weights will reduce pavement life), and the rate at which environmental factors attack the pavement (i.e., freeze-thaw cycles, oxidation

of asphalt, exposure to deicing agents, fuel spills, etc.). Maintenance and repair activities on runways and other airfield pavements are underway, or planned and programmed at virtually every Air Force installation.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

APPLICABILITY OF BRAC TO MODULAR BRIGADES

64. Senator AKAKA. Mr. Prosch, last year the Army started using emergency authorities to buy temporary buildings to station the first of the new so-called "modular" brigades. The Army provided a series of information papers to this committee on July 28, 2004, stating that, with respect to these 10 new brigades, "Permanent stationing for all units will be fully addressed through the BRAC 2005 process." Can you confirm that this is correct and does this mean that these basing decisions will be subject to the review of the base closure commission, or would they still be presented to Congress using the normal authorization and appropriation process? If the latter, when does the Army plan to submit such proposals to Congress?

Mr. PROSCH. Yes, the stationing of the 10 new Army Modular Force Brigade Combat Teams (BCT) will be reviewed as part of the 2005 Base Realignment and Closure (BRAC) process. The Army portion of the BRAC Report will indicate whether the temporary stationing of a particular BCT is valid and therefore considered permanent. If necessary, the report will provide specific recommendations on relocating particular BCTs. These basing recommendations will be presented to Congress through the BRAC Commission.

MODULARITY COSTS

65. Senator AKAKA. Mr. Prosch, the Army has used emergency authorities and supplemental funding to temporarily station new "modular" brigades on an expedited basis to help reduce the stress on the force by creating a bigger base of deployable units. While this is a short-term goal Congress has supported, unfortunately for the taxpayers it means that over the long term, we will end up paying twice to station many of these brigades, once on a temporary basis and then a second time to build permanent facilities. At what point will MILCON funds to station these modular brigades be programmed in the regular brigades?

Mr. PROSCH. Temporary facilities were required because Military Construction funds could not be made available in time to meet the Army's rotation/deployment cycle to support Operation Enduring Freedom and Operation Iraqi Freedom. Military Construction funding for permanent facilities will be programmed as soon as the 2005 Base Realignment and Closure recommendations are announced and permanent stationing decisions finalized.

66. Senator AKAKA. Mr. Prosch, will we be able to go straight to permanent funding for some of these brigades to avoid paying twice? If so, for how many of these 10 brigades could we avoid building temporary facilities?

Mr. PROSCH. Based on the unit activation dates and the time required to build permanent facilities, we are not able to go straight to permanent construction.

67. Senator AKAKA. Mr. Prosch, what is the estimated cost of temporary and permanent facilities for stationing these 10 new brigades?

Mr. PROSCH. The temporary cost of stationing the 10 new modular brigades is approximately \$1 billion.

The cost of permanent facilities for the 10 brigades will be determined and programmed as soon as the Base Realignment and Closure (BRAC) 2005 decisions are made and permanent locations known.

PURPOSE OF MILITARY CONSTRUCTION PROJECT AT MUTHANNA BUNKERS, IRAQ

68. Senator AKAKA. Mr. Prosch, the supplemental requests \$11.3 million to encapsulate ammunition bunkers at Muthanna, Iraq. Prior to Operation Desert Storm, this was an Iraqi chemical weapons site where artillery shells containing sarin were stored. Is this project intended to encapsulate both conventional and unconventional weapons?

Mr. PROSCH. All of the artillery rounds in the bunker have been destroyed and cannot be reused for munitions purposes. Any materials that could have been used to convert these rounds into unconventional munitions have been mitigated and the

bunkers are now considered hazardous material sites. The bunkers are being encapsulated to contain the hazardous material and protect the local populace.

KAHO'OLAWA CLEANUP

69. Senator AKAKA. Secretary Penn, what is the status of the negotiations between the Navy and the State of Hawaii with respect to newly discovered, unexploded ordnance found on Kaho'olawe?

Mr. PENN. The Navy and the State of Hawaii concluded a 10-year joint effort to clear unexploded ordnance (UXO) and debris in 2004. The Navy spent \$460 million to clean up 22,114 acres and improve the infrastructure of the island. The Navy will respond to newly discovered, previously undetected ordnance on Kaho'olawe in accordance with an agreement signed by the Navy and State.

The Kaho'olawe Island Reserve Commission (KIRC), acting as the representative for the State of Hawaii, provided in March 2005 the first notification to the Navy since conclusion of the clean-up effort that they had found newly discovered ordnance on Kaho'olawe. The Navy and the KIRC have been meeting on procedural issues and protocols to respond to the ordnance.

AIR FORCE WITHHOLDS ON FISCAL YEAR 2005 CONSTRUCTION PROJECTS

70. Senator AKAKA. Mr. Grone, the Air Force is withholding execution of funds for fiscal year 2005 MILCON projects added by Congress until after the Secretary of Defense announces his BRAC recommendations on May 16, but the Army and the Navy are not. Is there any DOD-wide policy directing Services not to execute fiscal year 2005 projects?

Mr. GRONE. No, DOD has not issued such a policy.

71. Senator AKAKA. Secretary Gibbs, why is the Air Force withholding execution of funds for fiscal year 2005 MILCON projects added by Congress until after the Secretary of Defense announces his BRAC recommendations on May 16, but the Army and the Navy are not, and what is your intent with respect to such projects after the BRAC list is made public?

Mr. GIBBS. The decision was made in order to not further expose the Air Force to new construction costs until after BRAC recommendations are announced. The hold applies to all Air Force installations within the continental U.S. and U.S. territories, and does not indicate prejudice for any installation through the BRAC process. This is a temporary measure and all actions short of contract awards such as advertising, bid openings and bid evaluations can proceed to ensure expeditious award after May 16, if it is determined the project will not be impacted by the BRAC process.

BRAC AND ARMY END STRENGTH

72. Senator AKAKA. Mr. Grone, the DOD force structure report submitted last month assumes a long-term Army end strength of 482,000, which is much smaller than the actual Active-Duty Force structure today. Many Members of this committee believe the Army end strength should and must be increased above this level. Does DOD's force structure report mean that DOD intends to ignore this increased current Army end strength level?

Mr. GRONE. The Army was authorized by the President and Secretary of Defense to temporarily increase active Army operating strength by up to 30,000 additional soldiers. The increase is partly used to increase the number of Army modular Brigade Combat Teams (BCTs) to 43 BCTs, and all are included in the BRAC analysis. However, the Army has maintained the surge capacity in those facilities with maneuver training land in CONUS to support an additional five modular BCTs if necessary. This unclassified information is consistent with the classified force structure plan, which was followed in the course of the BRAC analysis, and which was provided to Congress on March 15, 2005.

73. Senator AKAKA. Mr. Grone, because both DOD and the commission are supposed to adhere to the force structure report, I am concerned that DOD is requiring themselves and then the commission to only leave enough facilities to support an active Army of 482,000 if they are to strictly follow the law. Is that the case and how will BRAC allow for the possibility that the Army may exceed 482,000?

Mr. GRONE. The Army was authorized by the President and Secretary of Defense to temporarily increase active Army operating strength by up to 30,000 additional soldiers. The increase is partly used to increase the number of Army modular Bri-

gade Combat Teams (BCTs) to 43 BCTs, and all are included in the BRAC analysis. However, the Army has maintained the surge capacity in those facilities with maneuver training land in CONUS to support an additional five modular BCTs if necessary. This unclassified information is consistent with the classified force structure plan, which was followed in the course of the BRAC analysis, and which was provided to Congress on March 15, 2005.

COST OF RELOCATING FORCES BACK TO THE U.S.

74. Senator AKAKA. Mr. Grone, is the \$1.88 billion requested in fiscal year 2006 intended to fund all or part of the cost of stationing forces being relocated from overseas at bases back in the United States? If not, when and how will those costs be funded?

Mr. GRONE. The budget request of \$1.88 billion is an estimate of the costs to be incurred in fiscal year 2006 as a result of BRAC 2005, and would cover costs for moving the mission, including costs related to people and equipment, U.S. severance pay, military construction, and environmental remediation at U.S. bases. A portion of the \$1.88 billion requested would fund military construction at locations in the United States to accommodate forces returning from overseas locations. We expect future requests beginning in fiscal year 2007 to also include funds for this purpose.

75. Senator AKAKA. Mr. Grone, does the Department have a current estimate of the cost of implementing the global posture review, including the cost of restationing these forces back in the United States?

Mr. GRONE. We anticipate the net cost of implementing the global basing strategy will be between \$9 and \$12 billion.

BRAC—IMPACT ON FISCAL YEAR 2006 PROJECTS

76. Senator AKAKA. Mr. Grone, what are DOD's plans with respect to revising the fiscal year 2006 budget request for MILCON projects to reflect the results of the base closure process?

Mr. GRONE. DOD will stop design/procurement on projects at closure bases unless it fixes an immediate life/safety or health issue. We will request reprogramming of fiscal year 2006 funds from projects at closure bases to fund other requirements.

BASE RE-USE PROCEDURES FOR THE 2005 ROUND

77. Senator AKAKA. Mr. Grone, if DOD does not intend to use the same re-use procedures to work with affected communities for the 2005 BRAC round as those that were used in 1995, what changes are intended, and when will DOD issue a new Base Re-use Implementation Manual to guide the Services and local communities?

Mr. GRONE. The Base Reuse Implementation Manual (BRIM) is being updated to reflect lessons learned from implementation of prior BRAC rounds and to incorporate changes in the law since the last publication in 1997. This updated handbook is intended to provide the Services and local communities alike with a blueprint for working through 2005 BRAC actions.

DOD plans to publish changes to the existing rules in the Code of Federal Regulations (CFR) later this summer and will request public comment at that time.

APPLICABILITY OF BRAC TO NATIONAL GUARD FACILITIES

78. Senator AKAKA. Mr. Grone, what is the Department's position on the applicability of the base closure process to National Guard facilities?

Mr. GRONE. The Department does not believe that any statute limits its authority to make recommendations pursuant to the Defense Base Closure and Realignment Act. To the extent a National Guard facility is a military installation as defined in the BRAC statute, the Secretary of Defense may close or realign that installation within BRAC. The Department's BRAC recommendations are in accordance with all applicable legal requirements and are consistent with actions taken in prior BRAC rounds.

SIZE OF OVERSEAS BASING REDUCTIONS

79. Senator AKAKA. Mr. Grone, last August the President announced that as a result of the Global Posture Review, 60,000 to 70,000 troops would be returned to the United States. None of the information provided to Congress thus far shows a DOD plan to reduce our overseas presence by that many troops. Please provide a plan that supports this figure of 60,000 to 70,000 troops, or alternatively provide the revised targets.

Mr. GRONE. Global Defense Posture changes will return 60,000 to 70,000 servicemembers over the period fiscal year 2005 through fiscal year 2017. Some of these changes are currently being implemented (such as moving a brigade from Korea to Fort Carson, and the Navy, Europe (NAVEUR) consolidation); some will be implemented during fiscal year 2006–2011; and still others will be implemented fiscal year 2011–2017 pending further refinement and negotiations.

Information on this subject has regularly been provided to Congress. The Department submitted the Integrating Global Defense Posture Report to Congress in September 2004 which detailed personnel changes as of that date. Subsequently, the Department provided detailed infrastructure master plans with the fiscal year 2006 budget submission.

BRAC—INTERNET ACCESS TO MATERIALS

80. Senator AKAKA. Mr. Grone, does DOD plan to take advantage of internet technology and post its BRAC recommendations and data on a website so that interested parties around the country will be able to access and review this material?

Mr. GRONE. Yes.

ENVIRONMENTAL CONCERNS REGARDING C-17S

81. Senator AKAKA. Secretary Gibbs, what is the Air Force doing to proactively address concerns of the local community around the Big Island's Kona International Airport regarding the noise levels generated by the C-17s that will be conducting short takeoff and landing combat practice there in preparation for the eight C-17 cargo jets slated for Hickam AFB?

Mr. GIBBS. The C-17 aircraft is one of the quietest aircraft in the Air Force inventory, and often can be quieter than commercial aircraft depending on local conditions. The C-17 training at Kona Airport would slightly increase, less than 4 percent, overall air traffic volume which will have little effect on the noise exposure contours the airport developed and uses as part of their land use compatibility program. The use of the existing long runway for take-offs, will allow use of reduced take-off power, making it consistent with current commercial aircraft operations. Additionally, the training activities will be scheduled to minimize noise impacts, especially during nighttime, weekends, and holidays.

We currently do not have a project funded or approved. However, the Air Force has actively engaged state agencies, local officials and local organizations to address the Kona Airport related issues and concerns. We will continue to reach out to the community through newspaper articles, and other media to address their concerns on noise and other issues.

NEW BASING AGREEMENTS

82. Senator AKAKA. Mr. Grone, Mr. Prosch, Secretary Penn, and Secretary Gibbs, last September, Secretary Rumsfeld testified before this committee on DOD's "Strengthening U.S. Global Defense Posture" report to Congress. This global posture review envisions new operating locations for our forces around the world, including locations in Eastern Europe, Asia, and North Africa. Agreements to build or use any new facilities would normally be funded through the budgets of the military departments. Will your departments notify the congressional defense committees when any such agreements are reached, and that we will be notified in advance before your funds are used for entering into any contracts, leases, or other agreements for the construction or use of such facilities?

Mr. GRONE and Mr. PROSCH. The Department will use available mechanisms to provide notification, and request funding and authorization approval for projects at new facilities.

Mr. PENN. The Department of the Navy will follow standard established procedures in congressional notification involving use of funds for any new contracts, leases, or construction.

Mr. GIBBS. The Air Force will comply with existing legislation regarding construction notifications and requirements levied by OSD.

PROPOSED CHANGES TO DOD ENVIRONMENTAL POLICY

83. Senator AKAKA. Mr. Grone, Mr. Prosch, Secretary Penn, and Secretary Gibbs, on December 17, 2004, the Los Angeles Times reported that the DOD was planning to issue a new environmental policy directive, which would replace the existing policy directive. According to the article, the new directive would eliminate language which commits the Department to:

- “Protecting, preserving and, when required, restoring and enhancing the quality of the environment.”;
- “Reducing risk to human health and the environment by identifying, evaluating and, where necessary, remediating contamination resulting from past DOD activities.”;
- “Preventing pollution and minimizing adverse environmental consequences.”; and
- “Complying with applicable U.S. statutes, regulations, executive orders, binding international agreements, other legal requirements, and U.S. environmental, safety, occupational health, explosives safety, fire and emergency services and pest management policies.”

Are you familiar with an effort to issue a new environmental policy directive for the Department of Defense? If you are, can you tell me whether or not the Los Angeles Times article is accurate in its description of the proposed directive?

Mr. GRONE and Mr. PROSCH. DOD’s new directive “Environment, Safety, and Occupational Health” represents an evolution of department policy from the era of compliance-only to a forward-looking focus on compatibility and sustainability. As we go forward, we will continue to meet all of our legal requirements in safety and occupational health, compliance, conservation, pollution prevention, cleanup, and restoration. The new policy more effectively integrates these programs with the department’s national security mission. DOD has long recognized that national security and environmental protection are complementary, not antagonistic goals. We remain more committed than ever to advancing both.

The new directive takes a more business-like approach using management systems and risk analysis to make prudent decisions to get beyond compliance to sustainability-based investments. The directive’s integrated approach will more effectively increase environmental awareness across all of the Department’s programs. It is an overarching policy document that does not delete requirements, but rather provides a more holistic approach to managing the environment, safety, and occupational health. If anything, the new directive deleted old program stovepipes. The health and safety of our people, our neighbors, and the environment remain paramount.

Mr. PENN. I am familiar with the new directive. The Los Angeles Times article is based on an incorrect interpretation. The directive attempts to better integrate the protection of the environment with our military mission. The Directive states the following as a key policy element (emphasis added):

“To evaluate all activities for current and emerging Environment, Safety and Occupational Health (ESOH) resource requirements and make prudent investments in initiatives that support mission accomplishment, enhance readiness, reduce future funding needs, prevent pollution, prevent illness and injury, ensure cost-effective compliance, and maximize the existing resource capability.”

Mr. GIBBS. DOD’s new directive “Environment, Safety, and Occupational Health” represents an evolution of department policy from the era of compliance-only to a forward-looking focus on compatibility and sustainability. As we go forward, we will continue to meet all of our legal requirements in safety and occupational health, compliance, conservation, pollution prevention, cleanup, and restoration. The new policy more effectively integrates these programs with the department’s national security mission. DOD has long recognized that national security and environmental protection are complementary, not antagonistic goals. We remain more committed than ever to advancing both.

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pipes and created a comprehensive approach to asset management. The health and safety of our people, our neighbors, and the environment remain paramount. DOD has long recognized that national security and environmental and human health protection are complimentary, not antagonistic goals. We remain committed more than ever to advancing all three.

84. Senator AKAKA. Mr. Grone, Mr. Prosch, Secretary Penn, and Secretary Gibbs, does the DOD remain committed to protecting and preserving the quality of the environment, reducing risk to human health and the environment, remediating past contamination, preventing pollution, and complying with applicable U.S. statutes, regulations, and other applicable environmental requirements, and are you committed to these objectives?

Mr. GRONE and Mr. PROSCH. DOD is committed and the new directive "Environment, Safety, and Occupational Health" represents an evolution of department policy from the era of compliance—only to a forward-looking focus on compatibility and sustainability. As we go forward, we will continue to meet all of our legal requirements in safety and occupational health, compliance, conservation, pollution prevention, cleanup, and restoration while instituting a program of comprehensive asset management to include our natural (i.e., air, water, and land) and workforce assets. Focusing on comprehensive asset management more effectively integrates these programs with the department's national security mission. DOD has long recognized that national security and environmental and human health protection are complementary, not antagonistic goals. We remain more committed than ever to advancing all three.

Mr. PENN. Yes. The DON budget submission reflects these priorities.

Mr. GIBBS. DOD is committed and the new directive "Environment, Safety, and Occupational Health" represents an evolution of department policy from the era of compliance—only to a forward-looking focus on compatibility and sustainability. As we go forward, we will continue to meet all of our legal requirements in safety and occupational health, compliance, conservation, pollution prevention, cleanup, and restoration while instituting a program of comprehensive asset management to include our natural (i.e., air, water, and land) and workforce assets. Focusing on comprehensive asset management more effectively integrates these programs with the department's national security mission. DOD has long recognized that national security and environmental and human health protection are complementary, not antagonistic goals. We remain more committed than ever to advancing all three.

QUESTIONS SUBMITTED BY SENATOR BILL NELSON

FUNDING REQUIRED FOR RECOVERING FROM HAIL DAMAGE AT WHITING FIELD

85. Senator BILL NELSON. Secretary Penn, storms in West Florida 2 weeks ago resulted in significant hail damage to equipment and buildings at Naval Air Station (NAS) Whiting Field. Unofficial reports that I have received indicate repairs may cost up to \$2.5 million for aircraft and \$3.5 million for facilities. I am eager to use the fiscal year 2005 supplemental appropriation before the Senate now to ensure that the Navy has the authority and/or money to make these repairs without impacting other operational requirements and activities. Unfortunately, I have not received an official damage cost estimate from the Navy. Does the Navy have the necessary authority and funds to make facilities repairs at NAS Whiting Field from money already provided in supplemental appropriations this fiscal year for hurricane recovery? If not, what help do you need?

Mr. PENN. The Navy lacks authority to repair Whiting Field from the March 2005 hailstorms using the Supplemental funds. The Emergency Supplemental Appropriations for Hurricane Disasters Assistance Act, 2005 is specific for costs incurred due to natural disasters in fiscal year 2004. We are making repairs using existing Sustainment, Restoration, and Modernization (SRM) O&M dollars.

TEST AND TRAINING EVALUATION

86. Senator BILL NELSON. Secretary Penn, I applaud the actions of the Department of the Navy to develop plans and procedures to ensure that Navy and Marine Corps test and training ranges and installations take full advantage of the authority provided by Congress in section 2684a of title 10, United States Code, to ensure the long-range sustainability of those installations and ranges. Are the Navy and the Marine Corps developing plans and procedures to prioritize and resource require-

ments for actions under this authority? If so, please provide information concerning those plans and policies.

Mr. PENN. Yes, the Navy and Marine Corps have developed specific programs to execute section 2684a.

The Navy initiated an Encroachment Partnering (EP) Program as a part of its overarching Encroachment Management Program. The Navy's Tactical Training Theater Assessment and Planning (TAP) initiative seeks to develop a comprehensive investment strategy to ensure sustainability of Navy ranges, operational areas, and special use airspace. TAP integrates operations, training, facilities, environmental, planning, legal, and public outreach.

Navy executed one EP project in fiscal year 2004 at Naval Air Station, Pensacola, Florida and has one project in development for fiscal year 2005 at the La Posta Mountain Warfare Training Facility in California. For fiscal year 2006, Navy is developing a priority list of EP projects that will be coordinated with the Fleets and Navy Regions. Navy has developed CNO guidance on nomination and preparation of EP projects and has conducted regional workshops with nongovernmental organizations (NGOs) and local and state government agencies interested in conservation efforts.

The Marine Corps is assisting environmental organizations and State agencies to establish "Conservation Forums" to identify common goals, geographical area of interest, real estate acquisition procedures and funding opportunities.

Examples of Marine Corps successes include acquisition in 2003 of a 2,400 acre parcel adjacent to the Marine Corps Base (MCB) Camp Lejeune rifle and tank ranges in partnership with the North Carolina Wildlife Resources Commission, and acquisition in 2004 of a restrictive easement on a 69-acre parcel adjacent to Marine Corps Air Station (MCAS) Beaufort, South Carolina, in partnership with the County of Beaufort. Acquisition of an approximately 400-acre parcel adjacent to MCB Camp Lejeune in partnership with the North Carolina Wildlife Resources Commission nears completion. An additional acquisition of approximately 200 more acres adjacent to MCB Camp Lejeune is being considered, as well as land adjacent to MCAS Beaufort, MCB Quantico, and MCB Camp Pendleton, California.

87. Senator BILL NELSON. Secretary Penn, what procedures are in place within the Department of the Navy to ensure that the range sustainability requirements of Navy test and evaluation ranges are fully considered along with such requirements for training ranges?

Mr. PENN. On 1 December 2003, the Navy directed establishment of a Navy Ranges and Fleet Training Branch (OPNAV N-433) to provide a single focus point under the Chief of Navy Operations. This new office is responsible for:

- a. Navy range policy (including range sustainment) for training and test and evaluation ranges;
- b. Resource consolidation for institutionally-funded ranges and Navy target development/procurement;
- c. Fleet training capability development; and
- d. Ensuring that range sustainability requirements for Navy test and evaluation ranges are considered along with all other training ranges.

Environmental Impact Statements (EISs) covering Major Range Test Facility Base (MRTFB) range complexes have been completed. NAVSEA is developing a Range Complex Management Plan to support dual-purpose use (test and training) of MRTFB assets at Atlantic Undersea Test and Evaluation Center (AUTEC) for Fleet Forces Command. These actions ensure that T&E Range sustainability requirements are fully understood and funding requirements are addressed.

The Navy's Tactical Training Theater Assessment and Planning (TAP) program seeks to better manage Navy ranges and operational areas and airspace to support national security objectives and maintain a high state of readiness essential to Navy and Marine Corps force while ensure the long-term viability of these assets by protecting human health and the environment.

The Marine Corps does not have test and evaluation ranges.

88. Senator BILL NELSON. Secretary Penn, what procedures are in place to coordinate Department of the Navy range sustainment planning, including planning for actions pursuant to section 2684a of title 10, United States Code, with the plans of the other military departments with regard to their ranges within the vicinity of Department of the Navy ranges or where there is shared use of critical airspace?

Mr. PENN. One forum for coordination across the Department of Defense is the Sustainable Ranges Integrated Product Team (IPT) process. The IPT process coordinates DOD efforts required to sustain the necessary test and training range infra-

structure required for readiness. Deputy Under Secretary of Defense (Installations and Environment) (DUSD(I&E)) and Deputy Under Secretary of Defense (Personnel and Readiness) (DUSD(P&R)) lead discussion of range Sustainment issues that cross Departmental lines. One example of a success that resulted from joint planning associated with implementation of section 2684a authority is the creation of the Hawaii Open Space Conservation Forum benefiting both the Army and Marine Corps.

As part of Navy and Marine Corps range complex management, installations develop Range Air Installations Compatible Use Zones (RAICUZ) plans that address aircraft noise, range safety associated with weapons delivery, and land use recommendations to promote long-term compatibility of range operations with use of lands in the vicinity of the range. The RAICUZ program includes potential use of ranges by other military Services; hence, potential buffer projects under section 2684a will include the range requirements of multiple Services (example: Cherry Point/Camp Lejeune, North Carolina Range Complex Management Plan includes both Navy and Marine Corps ranges). Similarly, Navy is working with the other Services to identify our operational requirements at their ranges (example: Air Force Avon Park Range).

The Navy's Tactical Training Theater Assessment includes data collection to identify other service requirements within individual Range Complex Management Plans. Both the Hawaii RCMP and Marianas RCMP are being developed in coordination with the other services. The Navy PACOM has established a joint training requirements group to consider all ranges and requirements under their command.

89. Senator BILL NELSON. Secretary Penn, I applaud your actions to take action to preclude incompatible development in the vicinity of Pensacola Naval Air Station. Given the great degree of overlap and sharing of airspace in the area with various elements of the Department of the Air Force, what actions have you taken to ensure that the two military departments are fully coordinating efforts to address range sustainability needs in northwest Florida?

Mr. PENN. The Navy engages with the Air Force through many mechanisms to provide for the safe and coordinated use of airspace and training capability in the region. In a strict sense, the Navy does not operate any training ranges in Northwest Florida. However, we do operate and train across a network of Warning Areas, Special Use Airspace, and Air Force ranges in this region.

Sustaining availability and access to local airspace for Navy users is built on cooperation between various airspace users in the area. Navy and Air Force commands coordinate through an Airspace Liaison Officer covering NAS Pensacola, NAS Whiting Field, and Eglin Air Force Base. Representatives from Navy and Air Force also engage in quarterly coordination conferences to identify and resolve potential airspace conflicts that would prevent optimal and efficient use of airspace assets. At these conferences, attendees also address any issues that arise where military and civil aviation interests operate in close proximity or share airspace.

Regional military airspace authorities regularly train in local course rules that must mesh in order to maintain safe use of the airspace and enable cross-service use of training capabilities. Also, the military users of Northwest Florida airspace recently updated a letter of agreement that establishes a cooperative atmosphere and defines responsibilities for joint use of regional airspace and ranges.

RANGE AND ENVIRONMENT PRESERVATION INITIATIVE

90. Senator BILL NELSON. Secretary Penn, please provide detailed information concerning the policies, procedures, and evaluation criteria used by the Department of the Navy in identifying and prioritizing potential Range and Environment Preservation Initiative (REPI) projects. In particular, please address the policies and procedures of the Department to ensure that the requirements of Navy test and evaluation ranges are given full consideration along with the requirements of Army training installations and ranges.

Mr. PENN. Navy developed specific guidance for Encroachment Partnering (EP) project development to include project description and rationale, the encroachment issue the project will address, potential partners, project costs, and any other supporting information such as maps of the project area. Commander, Navy Installations Command plans to request Navy Region nominations by June 2005. All nominated range and installation projects will be prioritized based on the severity of the encroachment challenge, impact on readiness, identification of potential partners, and estimated project costs.

The Marine Corps evaluates projects based on the ability to execute a transaction and the importance of the property to maintaining and improving the ability of the installation or range to support military training activities. The nature of real estate acquisition is such that several projects are prepared for execution so that if one project is withdrawn, another may take its place. An example would be if unrealistic landowner expectations impede progress at one location, the Marine Corps would be ready to pursue the next highest priority project.

The Assistant Secretary of the Navy (I&E) will submit a coordinated priority list of EP projects, including ranges, to OSD in support of Range Environment Preservation Initiative (REPI) projects.

RANGE SUSTAINMENT PROGRAM

91. Senator BILL NELSON. Mr. Grone, I applaud your leadership and efforts through the Range Sustainment Program to address the need to ensure that our test and training installations and ranges can fully support not only today's mission requirement but those of the future as well. In particular, I commend you for taking the lead in developing the Compatible Land Use Partnering Program to take full advantage of the authority Congress provided the Department in 2002 when we enacted section 2684a of title 10, United States Code. The effective working partnerships among the Department of Defense, the States, and private conservation groups is an example of government at its best, uniting the Federal, State, and private sectors in a collaborative effort to achieve multiple shared objectives. I would cite in particular the tremendous initiative you spearheaded in 2003 in my State of Florida that resulted in the formal Memorandum of Partnership among your office, the State of Florida, and The Nature Conservancy of Florida to work together to create the Northwest Florida Greenway. That Partnership has already produced significant results, and I note with satisfaction the growing participation by other Federal agencies such as the U.S. Fish and Wildlife Service in bringing their conservation programs to the table to join in the effort. Nonetheless, I do have some concerns and questions about the Range Sustainment Program. Are the requirements for actions pursuant to section 2684a fully integrated into planning, programming, and budget plans and models for installations and ranges, such as the Defense Installation Strategic Plan and the Facilities Sustainment Model? If not, what are your plans for such integration or for developing specific plans and models so that this requirement can be fully addressed concurrently with the other requirements of test and training ranges and installations?

Mr. GRONE. The Department continues to refine its planning process for efforts undertaken as part of the Range Sustainment Program including use of the authority granted us under section 2684(a). The Defense Installation Strategic Plan lays the groundwork by calling for us to manage our land resources to preserve and improve range capabilities while preventing encroachment. It offers the 2684(a) authority as one of the tools to that end. To compliment this, an analysis of the effects of encroachment on range capabilities and methods of prevention has been set as an objective. In addition, as part of the Department's response to reporting requirements pursuant to section 366 of the National Defense Authorization Act for Fiscal Year 2003, the Sustainable Ranges Working Integrated Product Team (WIPT) formed a Funding Subgroup comprised of members of the Services and the Office of the Secretary of Defense (OSD). The Funding Subgroup's primary purpose is to develop a common construct for consistent and accurate reporting and discussions of range funding among the Services. The construct under examination takes into account both the acquisition and sustainment of lands that would be acquired pursuant to section 2684(a). If instituted, it will be used by the WIPT to help monitor the status of Sustainable Ranges programs throughout the Planning, Programming, Budgeting, and Execution (PPBE) process.

92. Senator BILL NELSON. Mr. Grone, what are your current policies and procedures to ensure that the requirements of test and evaluation ranges such as Eglin Air Force Base are fully considered along with the requirements of training installations and ranges in the resourcing of and prioritization for actions pursuant to section 2684a of title 10, United States Code?

Mr. GRONE. The Integrated Product Team (IPT), which oversees DOD's Range Sustainment Initiative, is co-chaired by the Deputy Director, Operational Test and Evaluation, along with the Under Secretary of Defense for Readiness and the Deputy Under Secretary of Defense for Installations and Readiness. As a co-chair, the Test and Evaluation Office has been, from the start, an active participant in the

IPT and the policies and procedures that have developed from this coordinating group, including actions pursuant to section 2684(a) of title 10.

93. Senator BILL NELSON. Mr. Grone, what policies and procedures are in place to ensure that planning and resourcing within the Range Sustainment Program take fully into account the return of forces to the United States and, with respect to test and evaluation ranges, the range and airspace availability requirements of emerging weapons systems?

Mr. GRONE. Department of Defense Directive 3200.15, Sustainment of Ranges and Operating Areas (OPAREAs), sets DOD policy for the planning of ranges to, "Identify current and future operational air, ground, sea, and/or undersea, space and frequency spectrum range and OPAREA requirements necessary to meet test and training needs." This includes changes in mission requirements brought about by emerging weapons systems and returning forces. The Directive goes on to call for the programming and budgeting of the resources necessary to fulfill such plans. This direction was further reiterated in the Department's program guidance and elaborated on in guidance to the Services for their 2006–2011 Sustainable Ranges Programs. The Services' through their various planning efforts identify requirements associated with global rebasing and emerging weapons systems. Requirements associated with Sustainable Ranges are then vetted through a program review conducted by the Integrated Product Team as a check and balance measure.

COMPATIBLE LAND USE PARTNERING PROGRAM

94. Senator BILL NELSON. Mr. Grone, it would seem that the Compatible Land Use Partnering Program would benefit enormously by more effective integration of the Department's efforts with the land and water conservation programs of other Federal agencies such as the U.S. Fish and Wildlife Service, the U.S. Forest Service, and other Federal agencies, not to mention the various relevant State agencies. I am aware that your office is spearheading an effort in the Southeast United States to more fully engage States and other Federal agencies in landscape scale and regional efforts to work collaboratively to identify and address common objectives through coordinated actions. Please provide additional information on this initiative. While I applaud your efforts to date in engaging those agencies and programs as full partners, it would seem that there is more that could be done. What are your other plans and initiatives to more fully engage those agencies and partners, and what can this Committee do to assist in that effort?

Mr. GRONE. DOD has a highly cooperative relationship with other Federal land management agencies, such as U.S. Fish and Wildlife, the National Park Service, the Bureau of Land Management, the Forest Service, and others. We all share common land management issues and concerns, and are increasingly working together to try to address these from a more regional or landscape perspective. Where appropriate for our respective missions, we have begun to work together in assessing opportunities for partnerships. For example, DOD is working closely with its Federal land use partners on the Compatible Land Use Partnering program in a number of ways. The Army in April announced a new Fort Hood Regional Cooperative Conservation Partnership, which includes the Department of Interior as a full partner. At the same time, the U.S. Fish and Wildlife Service recently awarded its first Sustainable Military Installation Award to Fort Carson with special credit given to its compatible land use partnering program. DOD continues to build on and strengthen its many collaborative relationships with other agencies.

RANGE RESTRICTIONS

95. Senator BILL NELSON. Mr. Grone, without going into specific locations, how many installations and ranges are now experiencing operational restrictions (such as the need to curtail operations or to employ "work arounds") as a result of incompatible development or loss of habitat in the vicinity of those locations or with regard to critical airspace associated with those installations and ranges?

Mr. GRONE. As we have assessed the issue of encroachment over the past 5 years, it has become clear that there really are no installations or ranges that are entirely unaffected by encroachment. In some cases, the encroachment is extensive, and can produce significant operational impacts. In other cases, minor workarounds can mask the concerns with little disruption in military activities. But all are affected by at least some of the forms of encroachment you reference. Depending on the installation or range's mission, the effects of such encroachment produce varying de-

gresses of impairment. But anything that disrupts access or reduces the realism of our live testing or training activities is a significant concern.

96. Senator BILL NELSON. Mr. Grone, given projected future military requirements and growth and demographic trends, how many additional installations and ranges are expected to experience such restrictions within the next 6 years?

Mr. GRONE. It is difficult to say with any certainty at this time. There are a number of decisions such as BRAC and global repositioning that have not yet been made that will affect our military requirements. These requirements need to be viewed in terms of growth and demographic trends for an assessment of encroachment impacts on mission. So, although we do know that mission requirements will change, it is not yet fully evident how. Therefore, it is all the more important that we minimize the effects of encroachment on the lands we have now, and look for opportunities to better utilize the land, air, sea space, and frequency access available to us. Since almost all ranges are experiencing some encroachment limitations already, I can only answer that encroachments affecting all our ranges tends to be increasing at a significant pace. As development around ranges continues, competition for natural resources and access to Federal land for economic use, recreation, utilities, and other purpose intensifies. Accordingly, the associated habitat loss aggravates endangered species and other environmental concerns. Most, if not all, DOD ranges will face more encroachment pressures 6 years from now than they do today, particularly if we do not act accordingly. We hope to mitigate many of these encroachments through departmental actions, and we greatly appreciate the continuing support of Congress in addressing these concerns.

97. Senator BILL NELSON. Secretary Gibbs, one of the more significant problems facing Air Force test and training installations and ranges now and in the future would appear to be increasing operational restrictions resulting from incompatible development and loss of habitat, current or anticipated. In recognition of this significant problem, and at the request of the DOD, Congress provided authority in 2002, codified as section 2684a of title 10, United States Code, for the military services to enter into agreements with State and local governments and with private conservation groups to take cooperative actions to address both incompatible development and loss of habitat. Under the overall guidance of the Senior Readiness Oversight Committee (SROC), and under the leadership of the Deputy Under Secretary of Defense (Installations and Environment), the Department has developed a comprehensive Range Sustainment Program. One of the key elements of that program is the Range and Environment Preservation Initiative, designed to take full advantage of the new authority Congress provided. The Office of the Secretary of Defense and the Departments of the Army and Navy are all, to one degree or another, taking actions and allocating resources to take advantage of this authority. One of the very first projects undertaken, the Northwest Florida Greenway, has as one of its major objectives protecting the operational capability of two key Air Force installations, Eglin and Tyndall Air Force bases. However, to date the Department of the Air Force does not appear to be participating in this program, either in Florida or anywhere else in the country. Is that accurate, and if so, why is the Department not participating?

Mr. GIBBS. The Air Force is committed to protecting the operational capability of all its installations and ranges by using the full array of strategies/tools available to us, including Title 10 Section 2684a. Because the BRAC process has the potential to significantly change the Air Force installation and range "landscape" the AF position was to refrain from actively pursuing projects that would commit funding authority until after the initial BRAC list was made public. Although we did not solicit projects for use with this authority, we ensured Air Force Major Commands were aware of the workshops that OSD and the Navy conducted and encouraged them to participate in order to gain a better understanding of the new authority.

Current Air Force procedures allow any installation that determines that their mission is being inherently threatened to define the requirement, including the authority and funding source (which can range from MILCON, Urgent Land Acquisition, direct acquisition of easements, the use of 2684a authority, etc), and present it through their Major Command for validation. Validated requirements are then to be forwarded to the service headquarters for consideration within the appropriate program.

98. Senator BILL NELSON. Secretary Gibbs, is the Department of the Air Force developing plans and procedures to take advantage of this authority? If so, when are those plans and procedures expected to be finalized? If not, why not?

Mr. GIBBS. The Air Force is currently preparing guidance that will allow us to take advantage of this authority. The guidance should be completed by 1 July 05.

99. Senator BILL NELSON. Secretary Gibbs, in the programs and policies of the Department of the Air Force designed to ensure the sustainability of Air Force installations and ranges, what policies and procedures do you have to ensure that the needs of test and evaluation ranges are fully considered?

Mr. GIBBS. The requirements of test and evaluation ranges are treated identically to the requirements of other types of ranges. Requirements are identified by the advocating range offices, vetted and validated by the installation/range staff, staffed to the Major Commands, where they are again reviewed to determine validity, and then moved to U.S. Air Force Headquarters for inclusion in the appropriate programs for funding. At that point they are prioritized against the other requirements within those programs. The National Defense Authorization Act of Fiscal Year 2003 changed the way Major Range and Test Facility Base (MRTFB) test ranges will be funded beginning in fiscal year 2006. The driver for this legislation was the need for better stewardship and resourcing of our test and evaluation (T&E) infrastructure, to include sustainment of existing capabilities and modernization for the future. Institutional and overhead costs of facilities or resources within the MRTFB will be fully funded through the major T&E investment accounts.

100. Senator BILL NELSON. Secretary Gibbs, which office or official within the Air Force has particular responsibility to ensure that Air Force test and evaluation ranges receive full consideration within Air Force sustainability programs?

Mr. GIBBS. HQ USAF/IL, HQ USAF/TE, HQ USAF/XO, and SAF/IE, with support from the Major Commands and Major Range and Test Facility Base (MRTFB) test ranges for requirements definition, have responsibility for ensuring that Air Force test and evaluation (T&E) ranges receive full consideration within Air Force sustainability programs.

101. Senator BILL NELSON. Secretary Gibbs, increasingly, Department of Defense test and training ranges are being used by organizations from more than one armed service. I understand that one of the objectives of Secretary Rumsfeld's transformation program is to facilitate and increase joint use of the ranges and installations of the various military departments. Do you consider it the obligation of your Department to ensure that Air Force ranges and installations are resourced adequately to accommodate appropriate joint requirements?

Mr. GIBBS. The Air Force provides resources to support Air Force missions at our installations and ranges. The ranges are available for joint use, as scheduled. Marginal costs associated with other Services or agencies using Air Force installations and ranges are charged to the user. We do not anticipate this policy changing as a result of increased joint use.

102. Senator BILL NELSON. Secretary Gibbs, please provide detailed information concerning the policies, procedures, and evaluation criteria used by the Department of the Air Force in identifying and prioritizing potential Range and Environment Preservation Initiative projects. In particular, please address the policies and procedures of the Department to ensure that the requirements of Air Force test and evaluation ranges are given full consideration along with the requirements of Army training installations and ranges.

Mr. GIBBS. The Air Force is currently preparing guidance for projects to be submitted for consideration under OSD's Range and Environmental Preservation Initiative funding. These guidelines will be based on the criteria OSD includes in their call for projects. Projects forwarded for consideration will be validated by the respective Major Command. Any project justified to support multiple Air Force installations will require support statements from all installations and respective Major Commands. All installations and ranges will be treated equally and considered on the merits of the proposed projects. OSD will ensure that Air Force test and evaluation range proposals are given full consideration along with the Army's proposals.

103. Senator BILL NELSON. Secretary Gibbs, in February 2003, the Commander's Council of the Joint Gulf Range Complex published a Joint Gulf Range Complex Strategic Plan. Do you consider it a valid obligation of the Department of the Air Force to address the resourcing and capabilities requirements identified in that plan with regard to Air Force installations and ranges that are part of the Joint Gulf Range?

Mr. GIBBS. The Joint Gulf Range Complex plan is strategic in nature and is not overly specific. The goal of the strategic plan is to ensure all of the member organi-

zations of the Joint Gulf Range Complex are working toward the same goals, and to assess and adjust the range's direction in response to a changing environment. It identifies what the range is, what it does (mission), and why it does it. The focus is toward future requirements rather than providing detailed information that allows validation of projects or requirements for resourcing. Any projects or requirements defined in a Joint Gulf Range Complex operating plan or action plan will be validated at the appropriate installation/range level, and subsequently submitted through the Major Command, and at Headquarters Air Force levels for prioritization and inclusion in the appropriate funding program.

104. Senator BILL NELSON. Secretary Gibbs, what steps has the Department of the Air Force taken and what steps does the Department plan to take to implement the Northwest Florida Greenway project, a project incorporated within the Joint Range Complex Strategic Plan?

Mr. GIBBS. Before pursuing any efforts that may result in a significant cost, an installation or range identifies requirements through the Major Command(s) and Headquarters Air Force for consideration. To date Air Force Materiel Command has not identified a requirement that validates the Northwest Florida Greenway.

105. Senator BILL NELSON. Mr. Prosch, I note that the Army took the lead back in the mid-1990s, specifically at Fort Bragg, North Carolina, to address restrictions on Army operations resulting from incompatible development and loss of habitat by partnering with State agencies and private conservation groups to protect lands and habitat in the vicinity of Fort Bragg. I further note with approval that the Department of the Army has recently adopted a well thought out and comprehensive sustainability program for its installations and ranges. Please provide information regarding how the Army's Compatible Use Buffer program is or will be integrated as an element of the larger sustainability program.

Mr. PROSCH. The Army sustainability effort is an approach that better ensures the long-term viability of the military mission by minimizing resource needs, reducing environmental impacts, and managing resources to provide realistic military training and testing environments. The sustainability concept is integrated across functional lines and organizations within the Army. Long-term sustainable goals are developed and included in installation strategic plans, with full stakeholder involvement, including local communities. Mission focused, yet environmentally conforming considerations are essential components of these plans which help drive tangible results.

The Army has responded to encroachment by implementing the Sustainable Range Program (SRP) Plan as the Army's roadmap to designing and managing its ranges. SRP is part of the larger Army sustainability program that helps the Army ensure we are able to maximize the capability, availability, and accessibility of ranges and training lands to support doctrinal requirements through timely consideration of environmental impacts and mitigation actions. As a result, the Army is pursuing a number of initiatives that will not only help us identify encroachment trends but also support sustainability.

The Army Compatible Use Buffer (ACUB) program is the Army's newest tool to sustain training and testing by partnering with states, local governments, and private conservation organizations to establish buffer areas outside of our installations. In the National Defense Authorization Act for Fiscal Year 2003 the services received authorities affirming and expanding the Sikes Act authority used in the implementation of the Army's Private Lands Initiative at Fort Bragg. Subsequently, the Army produced a joint policy guidance memorandum dated May 19, 2003 "Army Range and Training Land Acquisitions and Army Compatible Use Buffers." This memorandum defines ACUBs and sets forth procedures (or proposal development, coordination of proposals, as well as review and approval of ACUB proposals).

Currently, the processes by which ACUB proposals are developed, coordinated, reviewed, and ultimately approved is what insures integration of the ACUB program into the larger Sustainable Range Program.

ACUBs are a powerful sustainability tool and provide a unique opportunity for the Army to work in partnership with states, other governments, and public or private environmental and conservation groups to achieve a common goal of sustainability. Encroachment is a key sustainability issue and by addressing incompatible land use and unconstrained development, ACUBs contributes to managing suburban sprawl and growth management which enables an installation to become sustainable for future generations.

106. Senator BILL NELSON. Mr. Prosch, please provide detailed information concerning the policies, procedures, and evaluation criteria used by the Department of

the Army in identifying and prioritizing potential Army Compatible Use Buffers. In particular, please address the policies and procedures of the Department to ensure that the requirements of Army test and evaluation ranges are given full consideration along with the requirements of Army training installations and ranges.

Mr. PROSCH. The Army produced a joint policy guidance memorandum dated May 19, 2003, "Army Range and Training Land Acquisitions and Army Compatible Use Buffers" that defines Army Compatible Use Buffers (ACUBs) and sets forth procedures for proposal development, coordination of proposal, as well as review and approval of ACUB proposals. Furthermore, the February 11, 2004 Army publication, "Army Range and Training Lands Strategy" was developed for the purposes of supporting the Sustainable Range Program, the Office of the Secretary of Defense and Army Transformation. It identifies priorities for installations needing resources to modernize ranges, mitigate encroachment through the acquisition of buffers, and acquire training land. A review and update for the Range and Training Land Strategy is currently in progress, in light of Army Transformation, Integrated Global Posture and Basing Strategy, Base Realignment and Closure, and changing encroachment factors.

Prioritizing ACUB potential was accomplished using a matrix methodology described in the Army Range and Training Land Strategy. This exercise identified installations with high potential to reverse or stabilize encroachment impacts that should therefore be of importance to the ACUB program. Specifically, installations were ranked using the sum of encroachment, reversibility, and community factors. These three categories were further broken down into sets of variables that compose each factor. Each installation was scored for each variable and their sums produced a ranked list. The ACUB matrix in and of itself does not account for an installation's mission in determining its ACUB potential and, therefore, does not distinguish between testing and training installations. This added level of analysis helped produce a list of 12 ACUB priority installations for the Army Range and Training Lands Strategy.

We do not differentiate between ACUBs at test and evaluation ranges versus training ranges. ACUBs are considered an effective tool to support both training and testing facilities. It is the Army's intent, regarding the review and approval of ACUB proposals, that test and evaluation ranges receive the same consideration as training ranges. To promote the use of ACUBs at test and evaluation ranges, the Army recently approved the addition of a testing community representative on the Army Range Sustainment Integration Council ACUB Sub-Working Group to ensure that all ACUB proposals receive equal support and consideration for approval.

107. Senator BILL NELSON. Mr. Prosch, without addressing particular installations and ranges, please provide detailed information concerning the policies, procedures, and evaluation criteria used by the Department of the Army in identifying and prioritizing potential Army Compatible Use Buffers. In particular, please address the policies and procedures of the Department to ensure that the requirements of Army test and evaluation ranges are given full consideration along with the requirements of Army training installations and ranges.

Mr. PROSCH. The Army produced a joint policy guidance memorandum dated May 19, 2003, "Army Range and Training Land Acquisitions and Army Compatible Use Buffers" that defines Army Compatible Use Buffers (ACUBs) and sets forth procedures for proposal development, coordination of proposal, as well as review and approval of ACUB proposals. Furthermore, the February 11, 2004 Army publication, "Army Range and Training Lands Strategy" was developed for the purposes of supporting the Sustainable Range Program, the Office of the Secretary of Defense and Army Transformation. It identifies priorities for installations needing resources to modernize ranges, mitigate encroachment through the acquisition of buffers, and acquire training land. A review and update for the Range and Training Land Strategy is currently in progress, in light of Army Transformation, Integrated Global Posture and Basing Strategy Base Realignment and Closure, and changing encroachment factors.

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[Whereupon, at 10:24 a.m., the subcommittee adjourned.]

**DEPARTMENT OF DEFENSE AUTHORIZATION
FOR APPROPRIATIONS FOR FISCAL YEAR
2006**

WEDNESDAY, APRIL 13, 2005

U.S. SENATE,
SUBCOMMITTEE ON READINESS
AND MANAGEMENT SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

**HIGH RISK AREAS IN THE MANAGEMENT OF THE
DEPARTMENT OF DEFENSE**

The subcommittee met, pursuant to notice, at 10:05 a.m., in room SR-232A, Russell Senate Office Building, Senator John Ensign (chairman of the subcommittee) presiding.

Committee members present: Senators Ensign and Akaka.

Committee staff member present: Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: William C. Greenwalt, professional staff member; Gregory T. Kiley, professional staff member; and Kristina L. Svinicki, professional staff member.

Minority staff member present: Peter K. Levine, minority counsel.

Staff assistants present: Andrew W. Florell and Catherine E. Sendak.

Committee members' assistants present: Alexis Bayer, assistant to Senator Ensign; Erik Raven, assistant to Senator Byrd; and Richard Kessler and Darcie Tokioka, assistants to Senator Akaka.

OPENING STATEMENT OF SENATOR JOHN ENSIGN, CHAIRMAN

Senator ENSIGN. The Readiness and Management Support Subcommittee meets this morning to receive testimony on the high risk areas in the management of the Department of Defense (DOD). We are honored to have with us today the Comptroller General of the United States, David Walker; the Under Secretary of Defense for Acquisition, Technology, and Logistics, Michael Wynne; and the Principal Deputy Under Secretary of Defense (Comptroller), Robert Henke. I welcome you all.

In the past year, this committee has held two hearings on the status of the financial management policies and reform of the Department of Defense, on March 23, 2004, and November 17, 2004. This hearing continues this subcommittee's promise to partner with

the Department to improve financial management and to provide for more frequent oversight hearings.

At the November hearing, I asked the Department to provide this subcommittee with a list of items it hoped to accomplish within the next 6 months in the areas of financial reform. I would like both Mr. Walker and Mr. Henke to address the plans that this subcommittee received.

Mr. Walker, I would hope that you would give us your impression of the thoroughness of these plans. Mr. Henke, please provide us with a status update on where the Department is with respect to implementing these plans.

Since the hearing last November, the Government Accountability Office (GAO) released its biannual report on government operations it identifies as high risk. GAO identified eight areas within the DOD that it labeled high risk. While the number of areas is troubling, it is even more disturbing that some of these areas have been labeled high risk for more than a decade.

For example, GAO first designated the DOD financial management a high-risk area in 1995, and DOD acquisition was first designated high risk in 1990, which by the way was the first year that GAO began identifying high-risk areas.

This is the hearing transcript from 1997. [Indicating] The Senate held hearings in 1997 on the areas GAO identified as high risk within the DOD. Those areas and the underlying problems have not changed appreciably.

The testimony of 1997 bears a very strong resemblance to today's testimony, both in describing the problems the Department faces and in the recommendations for improvement. As they say, the more things change, the more they stay the same.

The continued persistence of these management problems pose many questions for our witnesses today. Why has the Department not made significant progress in these high-risk areas? What confidence can you provide this subcommittee that the Senate will not meet 8 years from now holding up a book like this and saying basically what I just said? What do you think about GAO's recommendations to create a full-time chief management officer position within DOD? What other actions do you feel are needed in order to ensure improvement in these eight high-risk areas within DOD?

One area that has changed over the years is the increased reliance by the Department on jointly-managed programs, programs shared between multiple Services. These programs pose significant management challenges, and most of DOD's high-risk areas will require joint solutions. Mr. Wynne, we want to know what are you doing to ensure such joint programs are properly managed and funded.

Gentlemen, thank you again for taking time to prepare written testimony and to appear before the subcommittee today. As previously agreed, we will hear opening statements from the Comptroller General, Mr. Walker, then the Under Secretary of Defense, and then the Deputy Comptroller of the Department of Defense. To our witnesses, your full written statements will be made part of the record, and so keep your oral statements brief.

I'd now like to call on my colleague and ranking member, Senator Akaka.

STATEMENT OF SENATOR DANIEL K. AKAKA

Senator AKAKA. Thank you very much, Mr. Chairman. I want to add my welcome to Comptroller General Walker, Secretary Wynne, and Mr. Henke. I thank you for calling this hearing, Mr. Chairman, on high-risk areas in the management of the DOD.

Since 1990, the GAO has identified high-risk programs throughout the Federal government that are in need of urgent management attention. I am disappointed that so many areas within the DOD remain on the updated high-risk list. Out of 25 high-risk areas on this year's list, 8 are unique to the DOD, and several more are government-wide issues that directly impact DOD.

As far as I am aware, no DOD problem area has ever shown enough improvement to be taken off the high-risk list. This subcommittee has worked hard to improve the efficiency of DOD programs and operations. In the 4 years that I've served as chairman or ranking member of the subcommittee, we have enacted legislation addressing each of the DOD high-risk areas.

For example, we have required DOD to develop a comprehensive financial management enterprise architecture to address the Department's chronic inability to produce reliable financial information or clean financial statements; establish specific goals for the use of competitive contracts and performance-based contracting to improve the management of the \$100 billion DOD spends annually in the purchase of services.

Despite these reforms, as the GAO update shows, we continue to see the fundamental deficiencies in the management of the DOD. I am increasingly convinced that we will not see significant lasting improvement in DOD management until the Department undertakes two fundamental reforms.

First, we have too many bosses at the DOD, but there is no one person below the level of the Secretary and the Deputy Secretary who is accountable for the management of the Department. We have a chief financial official, a chief information official, a chief acquisition official, and a chief personnel official. But we do not have a chief management official to bring them together and get things done.

The Comptroller General has recommended that we create a new Deputy Secretary of Defense for Management. I support that recommendation and look forward to working with our chairman to enact implementing legislation.

Second, DOD has innumerable hard-working, highly-qualified employees. But it simply does not have the right people in the right places to effectively manage the Department. For example, the Department has never done a comprehensive review and assessment of the personnel that are needed to manage the billions of dollars of purchases that it makes every year.

The Comptroller General has recommended that the Department develop a comprehensive strategic workforce plan to guide his human capital efforts. I support that recommendation and look forward to working with members of the subcommittee to enact appropriate legislation.

The bottom line is—we need sound management practices in place so that the DOD spends taxpayer money wisely. We need sound financial systems in place so that taxpayer dollars can be tracked. We need the right people and the right skills in place so that DOD can carry out its mission successfully.

Mr. Chairman, I look forward to the testimony of our distinguished panelists. Secretary Wynne, this is likely to be the last time that you testify on these issues before our subcommittee. I want to thank you for your testimony today and for the huge commitment of time and effort that you have made to the management of the DOD over the last 4 years.

Mr. Chairman, at this time I would also like to submit a statement for the record from Senator Byrd, who could not be here with us today. Thank you very much, Mr. Chairman.

[The prepared statement of Senator Byrd follows:]

PREPARED STATEMENT BY SENATOR ROBERT C. BYRD

Thank you, Mr. Chairman and Senator Akaka, for calling this hearing on the management problems at the Department of Defense. At a time when our troops are deployed in Iraq and Afghanistan, risking life and limb in service to our country, there are few issues more important for Congress to examine than how the Defense Department manages the taxpayer's money.

I am particularly concerned about the continuing failure of the Department of Defense to account for the funds that Congress appropriates to it. In 2001, at his confirmation hearing, I asked Secretary Rumsfeld what he intended to do to fix the accounting systems that resulted in \$2.3 trillion in faulty accounting entries during fiscal year 2000. He made a commitment to fix this massive problem.

Congress has invested nearly \$200 million to fixing these problems. But 4 years later, the solution to these accounting problems remains a mirage: an illusion in the distance which remains continually beyond our grasp, no matter how much progress is made.

The Government Accountability Office has proposed that Congress create a new position to oversee management reform efforts at the Defense Department, including the Department's accounting systems. The time is ripe to shake up the upper strata of the Pentagon's management. These accounting problems have gone on for far too long.

There is no reason to expect the Department of Defense to pass an audit unless Congress takes the initiative in forcing the Pentagon to reform its accounting systems. The GAO has made a reasonable proposal to accelerate reform at the Department of Defense, and I urge the Armed Services Committee to adopt this proposal in the Defense Authorization bill that will be marked up in May.

Senator ENSIGN. Thank you, Senator Akaka. We'll first hear from Mr. Walker.

**STATEMENT OF HON. DAVID M. WALKER, COMPTROLLER
GENERAL OF THE UNITED STATES**

Mr. WALKER. Thank you, Senator Ensign, Mr. Chairman, and Senator Akaka. I appreciate the opportunity to be before you and I want to thank you at the outset for continuing your commitment to hold these periodic hearings dealing with management issues associated with the DOD.

As you mentioned, Mr. Chairman, my entire statement has been entered into the record, so therefore I'll move to summarize some key points.

Given its size and mission that we have to recognize, the DOD is one of the largest and most complex organizations in the world. While the DOD maintains military forces with significant capabilities, it continues to confront pervasive, decades-old management

problems relating to its business operations, including its systems and processes, that provide vital support to our forces.

Of the 25 areas on GAO's 2005 high-risk list, 8 are DOD-specific programs or operations and DOD also shares 6—all 6 of the government-wide high-risk areas. Therefore, 14 of 25 government-wide high-risk areas relate to the DOD.

DOD's failure to effectively address these high-risk areas results in billions of dollars of wasted resources each year and inadequate accountability to Congress and the American people. Let me say, it is not because of the lack of ability or commitment of the individuals involved. However, we must take an institutional and persistent approach to these longstanding problems. We cannot rely upon individuals or personalities. We must deal with this in a much more structured and systematic fashion in order to be successful.

In some cases, such as DOD's financial management and weapons systems acquisition areas, we've been highlighting high-risk challenges for a decade or more. To its credit, the Office of Management and Budget (OMB) has recently worked closely with a number of agencies that have high-risk areas. But historically, OMB has not been very involved with regard to DOD-related matters, and that spans many administrations. That is not a recent practice.

Recently I met with Clay Johnson, who is OMB's Deputy Director for Management, and recently Clay Johnson testified along with me before another Senate Subcommittee of Homeland Security and Governmental Affairs. He committed that OMB would become more involved with regard to the management issues associated with the DOD. He also committed to work with DOD to develop action plans for all of the high-risk areas. Earlier this week, the White House announced that it had added three new areas for emphasis under the President's management agenda for the second term of this administration, one of which was their desire to work constructively and "in partnership with GAO to try to help deal with some of the longstanding management challenges at DOD."

I think it is critically important that in addition to the consistent and persistent efforts of the people within the DOD, OMB has to be actively engaged on these management issues. With 14 of 25 high-risk areas associated with the DOD, it would be inappropriate and imprudent for OMB not to be actively engaged on these areas as well. I take some encouragement from the fact that Clay Johnson has stated his intention to do so.

Regarding the way forward, there are three essential elements that DOD must incorporate into its business transformation efforts if it is to effectively address the systemic and longstanding management problems related to the high-risk areas. First, it is our experience that successful business transformation efforts must include a comprehensive, integrated, strategic action plan with results-oriented performance measures that link institutional, unit, and individual goals, measures and expectations. Such a plan does not exist within DOD.

Second, we recognize that there is a need to have additional centralized control over certain resources, especially with regard to the business systems modernization effort.

Finally, last but not least, due to the complexity, the longstanding, cross-cutting, and systemic nature of the business trans-

formation challenges that the DOD faces, we believe that it would be prudent and appropriate for the DOD to create a new chief management officer. This would be a full-time level two executive that would report to the Secretary of Defense, and would be the third ranking person within the DOD, behind the current Deputy Secretary position. This person would serve as the Deputy Secretary of Defense for Management.

We believe that this new position should be filled by an individual appointed by the President and confirmed by the Senate, for a term of 7 years, with the potential for reappointment. Why do I say 7 years? Because there are numerous studies that have been conducted about change management efforts in the private sector, the public sector, and the not-for-profit sector. There is clear and compelling evidence that in order to effectuate a transformation, a fundamental change in how you do business in a manner that cannot only be successful, but can be sustained beyond the tenure of a particular individual, that it takes 7-plus years in order to make that happen.

The fact of that matter is, that at DOD you don't have somebody there long enough to see things through, or at least to accomplish enough to where there is sustainable momentum that can extend beyond that person's term unless things change, I don't know that DOD will ever effectively be able to address all of these very complex and interrelated challenges.

It's important to recognize that this position, while being a political appointee, would be a professional business executive position, not a policy-oriented position. This type of person is necessary no matter who is the President of the United States, no matter which party controls the White House, and no matter who the Secretary of Defense might be.

We believe that this position could serve to elevate, integrate, and institutionalize the attention necessary to address these key high-risk areas and to exercise key stewardship responsibilities. We also believe that it's important to move beyond individuals and to look at institutional approaches that are not personality-dependent.

In that regard, let me say for the record: I had the greatest degree of respect for Gordon England. I've dealt with him quite a bit and, I commend the President for his nomination of Gordon England to be the Deputy Secretary of Defense subject to Senate confirmation. He's a very capable professional. He could be the Deputy Secretary of Defense, the Deputy Secretary for Management, or even the Secretary of Defense. He's that capable an individual.

My concern is, is there a single human being on this planet that could effectively do what all needs to be addressed right now at the DOD at a time of war, recognizing that we have military transformation ongoing while we're trying to fight a global war on terrorism, and we have longstanding systemic business transformation challenges that are going to require the sustained attention of a person for 7-plus years? Even after you make the transformation happen, running arguably one of the largest enterprises in the world is going to require sustained attention from a top business executive with a proven track record to be successful.

In closing, let me say that while we did not raise this last area to a high-risk area, it is clearly relevant to the DOD. As both of

you know, our Nation's financial condition is worse than advertised. We face large and growing structural deficits due primarily to known demographic trends and rising health care costs. The bigger crunch is coming to DOD. It's only a matter of time.

It is critically important that additional steps be taken within DOD, the Department of Homeland Security (DHS), as well as other departments and agencies to develop a more risk-based strategic approach to determining how we ought to be allocating what will become increasingly limited resources. Every dollar that we spend on a want today, every dollar that we waste today is a dollar that will not be available to meet critical needs tomorrow. It's critically important that we take steps now to stop the bleeding.

Thank you very much.

[The prepared statement of Mr. Walker follows:]

PREPARED STATEMENT BY DAVID M. WALKER

Mr. Chairman and members of the subcommittee: Thank you for the opportunity to discuss the Department of Defense's (DOD) "high-risk" programs and operations summarized in GAO's 2005 high-risk series update report.¹ During my tenure as Comptroller General, our high-risk series has increasingly focused on those major government programs and operations that need urgent attention and transformation to ensure that our national government functions in the most economical, efficient, and effective manner possible. We also emphasize those Federal programs and operations that are at high risk because of their greater vulnerabilities to fraud, waste, abuse, and mismanagement. Some of these high-risk programs and operations are in need of transformation, and several will require action by both the executive branch and Congress for successful transformation to occur.

Given its size and mission, DOD is one of the largest and most complex organizations to effectively manage in the world. While DOD maintains military forces with significant capabilities, it continues to confront pervasive, decades-old management problems related to its business operations, including systems and processes, that support these forces. Of the 25 areas on our 2005 high-risk list, 8 are DOD programs or operations and 6 are government-wide high-risk areas for which DOD shares some responsibility. These high-risk areas touch on all of DOD's major business operations. DOD's failure to effectively address these high-risk areas results in billions of dollars of wasted resources each year and inadequate accountability to Congress and the American people. In some cases, such as DOD's financial management and weapon systems acquisition areas, we have been highlighting high-risk challenges for a decade or more. To its credit, the Office of Management and Budget (OMB) has worked closely with a number of agencies that have high risk issues, but to-date has been less involved with DOD. Recently, Clay Johnson, OMB's Deputy Director for Management reaffirmed plans to refocus on GAO's high risk list in order to make as much progress as possible during the Bush administration's second term. He also committed to place additional emphasis on DOD's high-risk areas, including working to help ensure that DOD has action plans for addressing all new "high-risk" areas. Given the magnitude of DOD's problems and the stakes involved, I believe it is critical that OMB actively collaborate with the Department to ensure it establishes the action plans and milestones needed to address its high risk areas. Continued oversight by Congress, such as this hearing, is key to achieving change at DOD and, in the case of some areas, legislative action will be needed.

Today, I will provide my perspectives on: (1) DOD's high-risk areas, including those for which it shares responsibility with other Federal agencies; (2) an emerging challenge that merits close attention, involving the need for DOD and other Federal agencies to develop comprehensive approaches for risk management; and (3) three key elements to successfully address these high-risk areas and achieve needed reforms. In particular, I will emphasize two suggestions for legislative consideration—the need for central control of systems investment funding and a chief management

¹ GAO, High-Risk Series: An Update, GAO-05-207 (Washington, DC: January 2005), issued for the 109th Congress.

official—that I have previously testified about.² Implementation of these two suggestions would provide the sustained toplevel leadership and accountability needed by DOD to better permit the effective use of transition plans, processes, systems, people, and tools and thereby increase the likelihood of successful business transformation.

My statement is based on previous GAO reports and our work was performed in accordance with generally accepted government auditing standards.

SUMMARY

While DOD began the new millennium with military forces second to none, it has not been effective in managing its business operations. At a time when DOD is challenged to maintain a high level of operations while competing for resources in an increasingly fiscally constrained environment, weaknesses in DOD's business operations continue to result in reduced efficiencies and effectiveness. The Secretary of Defense has estimated that improving business operations could save 5 percent of DOD's annual budget. This represents a savings of about \$22 billion a year, based on the fiscal year 2004 budget.

Continuing problems within DOD's business operations and transformation initiatives have resulted in our designation of eight DOD-specific programs and operations to our 2005 high-risk list, which includes two new areas and the expansion of a third area. First, we added DOD's overall approach to business transformation to the high-risk list because of our concern over DOD's lack of adequate management accountability and the absence of a strategic and integrated action plan for the overall business transformation effort. Unless DOD makes progress in its overall business transformation effort, we believe that it will continue to have difficulties in confronting the other seven DOD-specific high-risk areas in an integrated, departmentwide approach. Second, we added DOD's personnel security clearance program to the list because the increased delays and growing backlogs of security clearances for DOD personnel, contractors, and others present a range of risks in today's security environment. Finally, we expanded our prior high-risk area of inventory management to include DOD's management of certain key aspects of its supply chain, including distribution, inventory management, and asset visibility, because of issues related to supporting the warfighter during Operation Iraqi Freedom. The remaining DOD-specific high-risk areas cover other major business operations such as support infrastructure management, business systems modernization, financial management, weapon systems acquisition, and contract management. Although the Secretary of Defense and senior leaders have shown commitment to business management transformation, little tangible evidence of actual improvement has been seen in DOD's business operations to date. In addition, DOD has not taken the steps necessary to achieve and sustain business reform on a broad, strategic, departmentwide, and integrated basis.

In addition to the DOD-specific high-risk areas, DOD shares responsibility for six other high-risk areas that are government-wide in scope. A first and critical government-wide high-risk area, strategic human capital management, has remained high risk because some Federal human capital strategies are still not appropriately constituted to meet current and emerging challenges or drive the transformations necessary for agencies to meet these challenges. The National Defense Authorization Act for Fiscal Year 2004³ has given DOD significant authorities to address the way in which defense civilian employees are hired, compensated, promoted, and disciplined, and proposed regulations to implement these authorities have been jointly released by the Secretary of Defense and the acting Director of the Office of Personnel Management (OPM). The remaining five government-wide high-risk areas include managing Federal real property, protecting Federal information systems and the Nation's critical infrastructure, establishing appropriate and effective information-sharing mechanisms to improve homeland security, modernizing Federal disability programs, and managing interagency contracting more effectively.

There are other important broad-based challenges facing our government that we will be closely monitoring even though we have not yet categorized them as high risk. One emerging area of concern involves the need for DOD along with other agencies to develop and use a strategic risk-based approach for establishing goals, evaluating and setting priorities, and making difficult resource decisions. Strategically managing risks and investment decisions across the Department is crucial for

²GAO, Department of Defense: Further Actions Are Needed to Effectively Address Business Management Problems and Overcome Key Business Transformation Challenges, GAO-05-140T (Washington, DC: Nov. 18, 2004).

³Pub. L. No. 108-136, §1101, 117 Stat. 1392, 1621 (Nov. 24, 2003) (amending subpart I of part III of title 5, United States Code).

DOD as it faces growing questions about the affordability and sustainability of the rate of growth in defense spending and the shift in focus from conventional threats posed by the Cold War era to more unconventional and asymmetric threats evidenced in the events of September 11, 2001. To its credit, we understand that DOD is attempting to implement a risk management framework for making broad, strategic investment decisions across the Department, and we are monitoring this effort.

Regarding the way forward, there are three essential elements that DOD must incorporate into its business transformation efforts if it is to successfully address the systemic management problems related to its high-risk areas. First, in our experience, a successful business transformation effort must include a comprehensive, integrated business transformation strategic and action plan with results-oriented performance measures that link institutional, unit, and personnel goals, measures, and expectations. Second, we propose that those responsible for business systems modernization control the allocation and execution of funds for DOD business systems. Finally, due to the complexity and long-term nature of these efforts, strong and sustained executive leadership is needed if they are to succeed. We believe one way to ensure this strong and sustained leadership over DOD's business management reform efforts would be to create a full-time, executive-level II position for a Chief Management Official (CMO), who would serve as the Deputy Secretary of Defense for Management. We believe that the new CMO position should be filled by an individual appointed by the President and confirmed by the Senate, for a set term of 7 years with the potential for reappointment. Articulating the role and responsibilities of the position in statute and establishing a term that spans administrations underscores the importance of a professional, nonpartisan approach to this business management-oriented position. This position would elevate, integrate, and institutionalize the attention essential for addressing key stewardship responsibilities, such as strategic planning, enterprise architecture development and implementation, information technology management, and financial management, while facilitating the overall business management transformation within DOD.

DOD's High-Risk Areas, Including Government-wide High-Risk Areas

Numerous systems problems, inefficiencies, and wasted resources continue to trouble DOD's business operations, resulting in our designation of 14 high-risk areas that are either DOD-specific programs or government-wide high-risk areas for which DOD shares some responsibility. As shown in table 1, we have designated two new high-risk areas for DOD this year. The first, DOD's approach to business management transformation, represents an overarching high-risk area, encompassing the other seven key DOD-specific business operations that we have designated as individual high-risk areas. The second, DOD's personnel security clearance program, was added to our 2005 high-risk list because of delays in completing hundreds of thousands of background investigations and adjudications (a review of investigative information to determine eligibility for a security clearance). Many of the remaining DOD-specific areas have been on the list for a decade or more. In addition to the DOD-specific high-risk areas shown in table 1, I will later discuss the six government-wide areas, such as human capital management, for which DOD shares responsibility with other Federal agencies.

TABLE 1: YEARS WHEN SPECIFIC DOD AREAS ON GAO'S 2005 HIGH RISK LIST WERE FIRST DESIGNATED AS HIGH RISK

Area	Year designated high risk
DOD approach to business transformation	2005
• DOD personnel security clearance program	2005
• DOD support infrastructure management	1997
• DOD business systems modernization	1995
• DOD financial management	1995
• DOD weapon systems acquisition	1990
• DOD contract management	1992
• DOD supply chain management ^a	1990

Source: GAO.

^a This area was formerly entitled DOD inventory management.

DOD's Approach to Business Transformation

DOD's approach to business management transformation represents an overarching high-risk area, encompassing several other key business operations. Over the years, DOD has embarked on a series of efforts to reform its business management operations, including modernizing underlying information technology (busi-

ness) systems. However, serious inefficiencies remain. As a result, the areas of support infrastructure management, business systems modernization, financial management, weapon systems acquisition, contract management, and supply chain management remain high-risk DOD business operations. We now consider DOD's overall approach to business transformation to be a high-risk area because: (1) DOD's business improvement initiatives and control over resources are fragmented; (2) DOD lacks a clear strategic and integrated business transformation plan and investment strategy, including a well-defined enterprise architecture to guide and constrain implementation of such a plan; and (3) DOD has not designated a senior management official responsible and accountable for overall business transformation reform and related resources.

Unless DOD makes progress in overall business transformation, we believe it will continue to have difficulties in confronting other problems in its business operations. DOD spends billions of dollars to sustain key business operations intended to support the warfighter, including systems and processes related to support infrastructure,⁴ finances, weapon systems acquisition, the management of contracts, and the supply chain. We have previously testified on inefficiencies in DOD's business operations, such as the lack of sustained leadership, the lack of a comprehensive and integrated business transformation strategic and action plan, and inadequate incentives.⁵ Moreover, the lack of adequate transparency and accountability across DOD's major business areas results in billions of dollars of wasted resources annually at a time of increasing military operations and growing fiscal constraints.

Business transformation requires long-term cultural change, business process re-engineering, and a commitment from both the executive and legislative branches of government. Although sound strategic planning is the foundation on which to build, DOD needs clear, capable, sustained, and professional leadership to maintain the continuity necessary for success. Such leadership would provide the attention essential for addressing key stewardship responsibilities—such as strategic planning, performance management, business information management, and financial management—in an integrated manner, while helping to facilitate the overall business transformation effort within DOD.

Personnel Security Clearance Program

The second high-risk area is DOD's personnel security clearance program. Delays in completing hundreds of thousands of background investigations and adjudications (a review of investigative information to determine eligibility for a security clearance) have led us to add the DOD personnel security clearance program to our 2005 high-risk list. Personnel security clearances allow individuals to gain access to classified information. In some cases, unauthorized disclosure of classified information could reasonably be expected to cause exceptionally grave damage to national defense or foreign relations. DOD has approximately 2 million active clearances as a result of worldwide deployments, contact with sensitive equipment, and other security requirements. While our work on the clearance process has focused on DOD, clearance delays in other Federal agencies suggest that similar impediments and their effects may extend beyond DOD.

Since at least the 1990s, we have documented problems with DOD's personnel security clearance process, particularly problems related to backlogs and the resulting delays in determining clearance eligibility.⁶ Since fiscal year 2000, DOD has declared its personnel security clearance investigations program to be a systemic weakness⁷—a weakness that affects more than one DOD component and may jeopardize the Department's operations. An October 2002 House Committee on Government Reform report also recommended including DOD's adjudicative process as a material weakness.⁸ As of September 30, 2003 (the most recent data available),

⁴Support infrastructure includes categories such as force installations, central logistics, the defense health program, and central training.

⁵GAO-05-140T; GAO, Department of Defense: Longstanding Problems Continue to Impede Financial and Business Management Transformation, GAO-04-907T (Washington, DC: July 7, 2004), and DOD Business Systems Modernization: Billions Continue to Be Invested with Inadequate Management Oversight and Accountability, GAO-04-615 (Washington, DC: May 27, 2004).

⁶GAO, DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks, GAO/NSIAD-00-12 (Washington, DC: Oct. 27, 1999).

⁷Department of Defense Annual Statement of Assurance, Fiscal Year 2000 and Fiscal Year 2001; Department of Defense Performance and Accountability Report, Fiscal Year 2002 (Jan. 31, 2003) and Fiscal Year 2003 (Dec. 23, 2003).

⁸Committee on Government Reform, Defense Security Service: The Personnel Security Investigations (PSI) Backlog Poses a Threat to National Security, H.R. Rep. No. 107-767 (Washington, DC: Oct. 24, 2002).

DOD could not estimate the full size of its backlog, but we identified over 350,000 cases exceeding established time frames for determining eligibility.⁹

DOD has taken steps to address the backlog—such as hiring more adjudicators and authorizing overtime for adjudicative staff—but a significant shortage of trained Federal and private-sector investigative personnel presents a major obstacle to timely completion of cases. Other impediments to eliminating the backlog include the absence of an integrated, comprehensive management plan for addressing a wide variety of problems identified by us and others. In addition to matching adjudicative staff to workloads and working with OPM to develop an overall management plan, DOD needs to develop and use new methods for forecasting clearance needs and monitoring backlogs, eliminate unnecessary limitations on reciprocity (the acceptance of a clearance and access granted by another department, agency, or military service), determine the feasibility of implementing initiatives that could decrease the backlog and delays, and provide better oversight for all aspects of its personnel security clearance process. The National Defense Authorization Act for Fiscal Year 2004¹⁰ authorized the transfer of DOD's personnel security investigative function and over 1,800 investigative employees to OPM. This transfer took place in February 2005. While the transfer eliminated DOD's responsibility for conducting the investigations, it did not eliminate the shortage of trained investigative personnel needed to address the backlog. Although DOD retained the responsibility for adjudicating clearances, OPM is now accountable for ensuring that investigations are completed in a timely manner.

Support Infrastructure Management

The third high-risk area is DOD's support infrastructure management, which we first identified as being high risk in 1997. DOD has made progress and expects to continue making improvements in its infrastructure management, but much work remains to be done. DOD's support infrastructure includes categories such as force installations, central logistics, the defense health program, and central training. DOD's infrastructure costs continue to consume a larger-than-necessary portion of its budget than DOD believes is desirable, despite reductions in the size of the military force following the end of the Cold War. For several years, DOD also has been concerned about its excess facilities infrastructure, which affects its ability to devote more funding to weapon systems modernization and other critical needs. DOD reported that many of its business processes and much of its infrastructure are outdated and must be modernized. Left alone, the current organizational arrangements, processes, and systems will continue to drain scarce resources.

DOD officials recognize that they must achieve greater efficiencies in managing their support operations. DOD has achieved some operating efficiencies and reductions from such efforts as base realignments and closures, consolidations, organizational and business process reengineering, and competitive sourcing. It also has achieved efficiencies by eliminating unneeded facilities through such means as demolishing unneeded buildings and privatizing housing at military facilities. In addition, DOD and the services are currently gathering and analyzing data to support a new round of base realignments and closures in 2005 and facilitating other changes as a result of DOD's overseas basing study.

Despite this progress, much work remains for DOD to transform its support infrastructure to improve operations, achieve efficiencies, and allow it to concentrate resources on the most critical needs. Organizations throughout DOD need to continue reengineering their business processes and striving for greater operational effectiveness and efficiency. DOD needs to develop a plan to better integrate, guide, and sustain the implementation of its diverse business transformation initiatives in an integrated fashion. DOD also needs to strengthen its recent efforts to develop and refine its comprehensive long-range plan for its facilities infrastructure to ensure adequate funding to support facility sustainment, modernization, recapitalization, and base operating support needs. DOD generally concurs with our prior recommendations in this area and indicates it is taking actions to address them. A key to any successful approach to resolving DOD's support infrastructure management issues will be addressing this area as part of a comprehensive, integrated business transformation effort.

Business Systems Modernization

The fourth high-risk area is DOD's business systems modernization program, which we first designated as high risk in 1995. We continue to categorize DOD's

⁹GAO, DOD Personnel Clearances: DOD Needs to Overcome Impediments to Eliminating Backlog and Determining Its Size, GAO-04-344 (Washington, DC: Feb. 9, 2004).

¹⁰Pub. L. No. 108-136 § 906 (Nov. 24, 2003).

business systems modernization program as a high-risk area because of a lack of an enterprise architecture to guide and constrain system investments and ineffective management oversight, system acquisition, and investment management practices. As a result, DOD's current operating practices and over 4,000 systems function in a stovepiped, duplicative, and nonintegrated environment that contributes to DOD's operational problems. For years, DOD has attempted to modernize these systems, and we have provided numerous recommendations to help guide its efforts. For example, in 2001 we provided DOD with a set of recommendations to help it develop and implement an enterprise architecture (or modernization blueprint) and establish effective investment management controls.¹¹ Such an enterprise architecture is essential for DOD to guide and constrain how it spends billions of dollars annually on information technology systems. We also made numerous project-specific and DOD-wide recommendations aimed at getting DOD to follow proven best practices when it acquired system solutions.¹² While DOD agreed with most of these recommendations, to date the department has made limited progress in addressing them.

In May 2004, we reported that after 3 years and over \$203 million in obligations, DOD had not yet developed a business enterprise architecture containing sufficient scope and detail to guide and constrain its department-wide systems modernization and business transformation.¹³ One reason for this limited progress is DOD's failure to adopt key architecture management best practices that we recommended,¹⁴ such as developing plans for creating the architecture; assigning accountability and responsibility for directing, overseeing, and approving the architecture; and defining performance metrics for evaluating the architecture. Under a provision in the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005,¹⁵ DOD must develop an enterprise architecture to cover all defense business systems and related business functions and activities that is sufficiently defined to effectively guide, constrain, and permit implementation of a corporatewide solution and is consistent with the policies and procedures established by the Office of Management and Budget (OMB). Additionally, the act requires the development of a transition plan that includes an acquisition strategy for new systems and a listing of the termination dates of current legacy systems that will not be part of the corporatewide solution, as well as a listing of legacy systems that will be modified to become part of the corporatewide solution for addressing DOD's business management deficiencies.

In May 2004, we also reported that the Department's approach to investing billions of dollars annually in existing systems had not changed significantly.¹⁶ As a result, DOD lacked an effective investment management process for selecting and controlling ongoing and planned business systems investments. While DOD issued a policy that assigns investment management responsibilities for business systems, in May 2004 we reported¹⁷ that DOD had not yet defined the detailed procedures necessary for implementing the policy, clearly defined the roles and responsibilities of the business domain owners (now referred to as core business mission areas), established common investment criteria, or ensured that its business systems are consistent with the architecture. To address certain provisions and requirements of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005,¹⁸ on March 24, 2005, the Deputy Secretary of Defense directed the transfer of program

¹¹ GAO, Information Technology: Architecture Needed to Guide Modernization of DOD's Financial Operations, GAO-01-525 (Washington, DC: May 17, 2001).

¹² GAO-04-615 and Department of Defense: Further Actions Needed to Establish and Implement a Framework for Successful Financial and Business Management Transformation, GAO-04-551T (Washington, DC: Mar. 23, 2004); DOD Business Systems Modernization: Important Progress Made to Develop Business Enterprise Architecture, but Much Work Remains, GAO-03-1018 (Washington, DC: Sept. 19, 2003); DOD Financial Management: Integrated Approach, Accountability, Transparency, and Incentives Are Keys to Effective Reform, GAO-02-497T (Washington, DC: Mar. 6, 2002); Defense Management: New Management Reform Program Still Evolving, GAO-03-58 (Washington, DC: Dec. 12, 2002); Information Technology: Architecture Needed to Guide Modernization of DOD's Financial Operations, GAO-01-525 (Washington, DC: May 17, 2001); and DOD Financial Management: Integrated Approach, Accountability, and Incentives Are Keys to Effective Reform, GAO-01-681T (Washington, DC: May 8, 2001).

¹³ GAO, DOD Business Systems Modernization: Limited Progress in Development of Business Enterprise Architecture and Oversight of Information Technology Investments, GAO-04-731R (Washington, DC: May 17, 2004).

¹⁴ GAO-01-525.

¹⁵ Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375, § 332, 118 Stat. 1811, 1851 (Oct. 28, 2004) (codified, in part, at 10 U.S.C. §§ 186, 2222).

¹⁶ GAO-04-731R.

¹⁷ GAO-04-731R.

¹⁸ 10 U.S.C. § 2222.

management, oversight, and support responsibilities regarding DOD business transformation efforts from the Office of the Under Secretary of Defense, Comptroller, to the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD(AT&L)). According to the directive, this transfer of functions and responsibilities will allow the OUSD(AT&L) to establish the level of activity necessary to support and coordinate activities of the newly established Defense Business Systems Management Committee (DBSMC). As required by the act, the DBSMC, with representation including the Deputy Secretary of Defense, the designated approval authorities,¹⁹ and secretaries of the military services and heads of the defense agencies, is the highest ranking governance body responsible for overseeing DOD business systems modernization efforts. While this committee may serve as a useful planning and coordination forum, it is important to remember that committees and task forces do not lead, people do. In addition, DOD still needs to designate a person to have overall responsibility and accountability for this effort for a sustained period of time. This person must have the background and authority needed to successfully achieve the related objectives for business systems modernization efforts.

On March 19, 2005, the Deputy Secretary of Defense delegated the authority for the review, approval, and oversight of the planning, design, acquisition, development, operation, maintenance, and modernization of defense business systems to the designated approval authority for each business area.²⁰ However, according to DOD's annual report to congressional defense committees on the status of the department's business management modernization program, DOD has not yet established investment review boards below the DBSMC for each core business mission. The statutory requirements enacted as part of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005²¹ further require that the DBSMC must agree with the designated approval authorities' certification of funds exceeding \$1 million for the modernization of business systems before funds can be obligated. More importantly, the obligation of these funds without the requisite approval by the DBSMC is deemed a violation of the Anti-Deficiency Act.²²

As DOD develops a comprehensive, integrated business transformation plan, such a plan must include an approach to resolve the business systems modernization problems. We were recently briefed on the department's conceptual framework for business system modernization. While the framework has merit and is a good first step, the department will need to translate its framework into a comprehensive and integrated plan of action. This plan should include priorities, key stakeholders, timeframes, and accountability and it should be linked to institutional, unit, and individual reward systems. To this end, it is critical that DOD provide the implementation of our many business systems modernization-related recommendations in this plan.

Financial Management

The fifth high-risk area is DOD's financial management program, which we first designated as high risk in 1995. As I testified before the House Committee on Government Reform in February 2005,²³ and as discussed in our report on the U.S. Government's consolidated financial statements for fiscal year 2004,²⁴ DOD's financial management deficiencies, taken together, represent a major impediment to

¹⁹The designated approval authorities are the Under Secretary of Defense for Acquisition, Technology, and Logistics for business systems related to acquisition, logistics and installations and environment; the Under Secretary of Defense (Comptroller) for business systems related to financial management and strategic planning and budgeting; the Under Secretary of Defense for Personnel and Readiness for business systems related to human resource management; and the Assistant Secretary of Defense for Networks and Information Integration/Chief Information Officer of the Department of Defense for business systems related to information technology infrastructure or information assurance.

²⁰Approval authorities include the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Under Secretary of Defense (Comptroller); the Under Secretary of Defense for Personnel and Readiness; and the Assistant Secretary of Defense for Networks and Information Integration/Chief Information Officer of the Department of Defense. These approval authorities are responsible for the review, approval, and oversight of business systems and must establish investment review processes for systems under their cognizance.

²¹Pub. L. No. 108-875, § 332, 118 Stat. 1811, 1854 (Oct. 28, 2004) (codified at 10 U.S.C. § 2222(a)(2)).

²²31 U.S.C. § 1341(a)(1)(A); see 10 U.S.C. § 2222(b).

²³GAO, Fiscal Year 2004 U.S. Government Financial Statements: Sustained Improvement in Federal Financial Management Is Crucial to Addressing Our Nation's Future Fiscal Challenges, GAO-05-284T (Washington, DC: Feb. 9, 2005).

²⁴For our report on the U.S. Government's consolidated financial statements for fiscal year 2004, see U.S. Department of the Treasury, Financial Report on the United States Government (Washington, DC: December 2004), 33-53, which can be found on GAO's Web site at www.gao.gov.

achieving an unqualified opinion on the U.S. Government's consolidated financial statements. DOD continues to face financial management problems that are pervasive, complex, longstanding, and deeply rooted in virtually all of its business operations. DOD's financial management deficiencies adversely affect the department's ability to control costs, ensure basic accountability, anticipate future costs and claims on the budget, measure performance, maintain funds control, prevent fraud, and address pressing management issues.

Our recent reports and testimonies on Army Reserve and National Guard pay issues clearly illustrate the impact deficiencies in DOD's financial management have had on the very men and women our country is depending on to perform our military operations. For example, in February 2005, we reported that the Army's process for extending active duty orders for injured soldiers lacks an adequate control environment and management controls²⁵—including: (1) clear and comprehensive guidance, (2) a system to provide visibility over injured soldiers, and (3) adequate training and education programs. The Army also has not established user-friendly processes—including clear approval criteria and adequate infrastructure and support services.

Poorly defined processes for extending active duty orders for injured and ill Reserve component soldiers have caused soldiers to be inappropriately dropped from their Active-Duty orders. For some, this has led to significant gaps in pay and health insurance, which has created financial hardships for these soldiers and their families. Based on our analysis of Army manpower data during the period from February 2004 through April 7, 2004, almost 34 percent of the 867 soldiers who applied for extension of active duty orders—because of injuries or illness—lost their active duty status before their extension requests were granted. For many soldiers, this resulted in being removed from active duty status in the automated systems that control pay and access to benefits such as medical care and access to a commissary or post exchange that allows soldiers and their families to purchase groceries and other goods at a discount. Many Army locations have used ad hoc procedures to keep soldiers in pay status; however, these procedures often circumvent key internal controls and put the Army at risk of making improper and potentially fraudulent payments. Finally, the Army's nonintegrated systems, which require extensive error-prone manual data entry, further delay access to pay and benefits.

The Army recently implemented the Medical Retention Processing (MRP) program, which takes the place of the previously existing process in most cases. The MRP program, which authorizes an automatic 179 days of pay and benefits, may resolve the timeliness of the front-end approval process. However, the MRP program has some of the same problems as the existing process and may also result in overpayments to soldiers who are released early from their MRP orders.

DOD's senior civilian and military leaders have taken positive steps to begin reforming the department's financial management operations. However, to date, tangible evidence of improvement has been seen in only a few specific areas, such as internal controls related to DOD's purchase card and individually billed travel card programs. Further, we reported in September 2004²⁶ that while DOD had established a goal of obtaining a clean opinion on its financial statements by 2007, it lacked a written and realistic plan to make that goal a reality. DOD's continuing, substantial financial management weaknesses adversely affect its ability to produce auditable financial information as well as provide accurate and timely information for management and Congress to use in making informed decisions.

Overhauling the financial management and related business operations of one of the largest and most complex organizations in the world represents a daunting challenge. Such an overhaul of DOD's financial management operations goes far beyond financial accounting to the very fiber of the department's wide-ranging business operations and its management culture. It will require: (1) sustained leadership and resource control, (2) clear lines of responsibility and accountability, (3) plans and related results-oriented performance measures, and (4) appropriate individual and organizational incentives and consequences. DOD is still in the very early stages of a department-wide overhaul that will take years to accomplish. DOD has not yet established a framework to integrate improvement efforts in this area with related broad-based DOD initiatives, such as human capital reform. However, successful, lasting reform in this area will only be possible if implemented as part of a com-

²⁵ GAO, *Military Pay: Gaps in Pay and Benefits Create Financial Hardships for Injured Army National Guard and Reserve Soldiers*, GAO-05-125 (Washington, DC: Feb. 17, 2005).

²⁶ GAO, *Financial Management: Further Actions Are Needed to Establish Framework to Guide Audit Opinion and Business Management Improvement Efforts at DOD*, GAO-04-910R (Washington, DC: Sept. 20, 2004).

prehensive and integrated approach to transforming all of DOD's business operations.

Weapon Systems Acquisition

The sixth high-risk area is DOD's acquisition of weapon systems. We designated this as a high-risk area in 1990, and it remains so today. While DOD's acquisition process has produced the best weapons in the world, it also consistently yields undesirable consequences—such as cost increases, late deliveries to the warfighter, and performance shortfalls. Such problems were highlighted, for example, in our reviews of DOD's F/A-22 Raptor, Space-Based Infrared System, Airborne Laser, and other programs. Problems occur because DOD's weapon programs do not capture early on the requisite knowledge that is needed to efficiently and effectively manage program risks. For example, programs move forward with unrealistic program cost and schedule estimates, lack clearly defined and stable requirements, use immature technologies in launching product development, and fail to solidify design and manufacturing processes at appropriate junctures in development.

When programs require more resources than planned, the buying power of the defense dollar is reduced and funds are not available for other competing needs. It is not unusual for estimates of time and money to be off by 20 to 50 percent. When costs and schedules increase, quantities are cut and the value for the warfighter—as well as the value of the investment dollar—is reduced. In these times of asymmetric threats and netcentricity, individual weapon system investments are getting larger and more complex. Just 4 years ago, the top five weapon systems cost about \$281 billion; today, in the same base year dollars, the five weapon systems cost about \$521 billion. If these megasystems are managed with traditional margins of error, the financial consequences—particularly the ripple effects on other programs—can be dire.

While weapon systems acquisition continues to remain on our high-risk list, DOD has undertaken a number of acquisition reforms over the past 5 years. Specifically, DOD has restructured its acquisition policy to incorporate attributes of a knowledge-based acquisition model and has reemphasized the discipline of systems engineering. In addition, DOD recently introduced new policies to strengthen its budgeting and requirements determination processes in order to plan and manage weapon systems based on joint warfighting capabilities. While these policy changes are positive steps, implementation in individual programs will continue to be a challenge because of inherent funding, management, and cultural factors that lead managers to develop business cases for new programs that over-promise on cost, delivery, and performance of weapon systems.

It is imperative that needs be distinguished from wants and that DOD's limited resources be allocated to the most appropriate weapon system investments. Once the best investments that can be afforded are identified, then DOD must follow its own policy to employ the knowledge-based strategies essential for delivering the investments within projected resources. Making practice follow policy is not a simple matter. It is a complex challenge involving many factors. One of the most important factors is putting the right managers in their positions long enough so that they can be both effective and accountable for getting results.

Contract Management

The seventh high-risk area is DOD's contract management program, which we designated as a high-risk area in 1992. DOD, the government's largest purchaser at over \$200 billion in fiscal year 2003, is unable to assure that it is using sound business practices to acquire the goods and services needed to meet the warfighter's needs. For example, over the past decade DOD has significantly increased its spending on contractor-provided information technology and management support services, but it has not yet fully implemented a strategic approach to acquiring these services. In 2002, DOD and the military departments established a structure to review individual service acquisitions valued at \$500 million or more, and in 2003 they launched a pilot program to help identify strategic sourcing opportunities. To further promote a strategic orientation, however, DOD needs to establish a departmentwide concept of operations; set performance goals, including savings targets; and ensure accountability for achieving them. In March 2004, we reported that if greater management focus were given to opportunities to capture savings through the purchase card program, DOD could potentially save tens of millions of dollars

without sacrificing the ability to acquire items quickly or compromising other goals.²⁷

DOD also needs to have the right skills and capabilities in its acquisition workforce to effectively implement best practices and properly manage the goods and services it buys. However, DOD reduced its civilian workforce by about 38 percent between fiscal years 1989 and 2002 without ensuring that it had the specific skills and competencies needed to accomplish current and future DOD missions, and more than half of its current workforce will be eligible for early or regular retirement in the next 5 years. We found that inadequate staffing and the lack of clearly defined roles and responsibilities contributed to contract administration challenges encountered in Operation Iraqi Freedom (OIF).²⁸ Further, we have reported that DOD's extensive use of military logistical support contracts in OIF and elsewhere required strengthened oversight.²⁹ Just recently, we identified surveillance issues in almost a third of the contracts we reviewed. We also noted that some personnel performing surveillance had not received required training, while others felt that they did not have sufficient time in a normal workday to perform their surveillance duties.³⁰ DOD has made progress in laying a foundation for reshaping its acquisition workforce by initiating a long-term strategic planning effort, but as of June 2004 it did not yet have the comprehensive strategic workforce plan needed to guide its efforts.

DOD uses various techniques—such as performance-based service contracting, multiple-award task order contracts, and purchase cards—to acquire the goods and services it needs. We have found, however, that DOD personnel did not always make sound use of these tools. For example, in June 2004, we reported that more than half of the task orders to support Iraq reconstruction efforts we reviewed were, in whole or in part, outside the scope of the underlying contract.³¹ In July 2004, we found that DOD personnel waived competition requirements for nearly half of the task orders reviewed.³² As a result of the frequent use of waivers, DOD had fewer opportunities to obtain the potential benefits of competition—improved levels of service, market-tested prices, and the best overall value. We also found that DOD lacked safeguards to ensure that waivers were granted only under appropriate circumstances. Our work has shown that DOD would benefit by making use of commercial best practices, such as taking a strategic approach to acquiring services; building on initial efforts to develop a strategic human capital plan for its civilian workforce; and improving safeguards, issuing additional guidance, and providing training to its workforce on the appropriate use of contracting techniques and approaches.³³ DOD is undertaking corrective actions, but because most efforts are in their early stages, it is uncertain whether they can be fully and successfully implemented in the near term. A key to resolving DOD's contract management issues will be addressing them as part of a comprehensive and integrated business transformation plan.

Supply Chain Management

The eighth high-risk area is DOD's supply chain management program. In 1990, we identified DOD's inventory management as a high-risk area because inventory levels were too high and the supply system was not responsive to the needs of the warfighter. We have since expanded the inventory management high-risk area to include DOD's management of certain key aspects of its supply chain, including distribution, inventory management, and asset visibility, because of significant weaknesses we have uncovered since our 2003 high-risk series was published. For example, during OIF, the supply chain encountered many problems, including backlogs of hundreds of pallets and containers at distribution points, a \$1.2 billion discrepancy in the amount of material shipped to—and received by—Army activities, can-

²⁷ GAO, Contract Management: Agencies Can Achieve Significant Savings on Purchase Card Buys, GAO-04-430 (Washington, DC: Mar. 12, 2004).

²⁸ GAO, Rebuilding Iraq: Fiscal Year 2003 Contract Award Procedures and Management Challenges, GAO-04-605 (Washington, DC: June 1, 2004).

²⁹ GAO, Military Operations: DOD's Extensive Use of Logistics Support Contracts Requires Strengthened Oversight, GAO-04-854 (Washington, DC: July 19, 2004); and Defense Logistics: High-Level DOD Coordination Is Needed to Further Improve the Management of the Army's LOGCAP Contract, GAO-05-328 (Washington, DC: Mar. 21, 2005).

³⁰ GAO, Contract Management: Opportunities to Improve Surveillance on Department of Defense Service Contracts, GAO-05-274 (Washington, DC: Mar. 17, 2005).

³¹ GAO-04-605.

³² GAO, Contract Management: Guidance Needed to Promote Competition for Defense Task Orders, GAO-04-874 (Washington, DC: July 30, 2004).

³³ GAO, Best Practices: Improved Knowledge of DOD Service Contracts Could Reveal Significant Savings, GAO-03-661 (Washington, DC: June 9, 2003); and Best Practices: Taking a Strategic Approach Could Improve DOD's Acquisition of Services, GAO-02-230 (Washington, DC: Jan. 18, 2002).

nibalized equipment because of a lack of spare parts, and millions of dollars spent in late fees to lease or replace storage containers because of distribution backlogs and losses. Moreover, we identified shortages of items such as tires, vehicle track shoes, body armor, and batteries for critical communication and electronic equipment. These problems were the result of systemic deficiencies in DOD's supply chain, including inaccurate requirements, funding delays, acquisition delays, and ineffective theater distribution.

While DOD reports show that the Department currently owns about \$67 billion worth of inventory, shortages of certain critical spare parts are adversely affecting equipment readiness and contributing to maintenance delays. The Defense Logistics Agency (DLA) and each of the military services have experienced significant shortages of critical spare parts, even though more than half of DOD's reported inventory—about \$35 billion—exceeded current operating requirements. In many cases, these shortages contributed directly to equipment downtime, maintenance problems, and the services' failure to meet their supply availability goals. DOD, DLA, and the military services each lack strategic approaches and detailed plans that could help mitigate these critical spare parts shortages and guide their many initiatives aimed at improving inventory management.

DOD's continued supply chain problems also resulted in shortages of items in Iraq. In an April 8, 2005, report, we reported that demands for items like vehicle track shoes, batteries, and tires exceeded their availability because the department did not have accurate or adequately funded Army war reserve requirements and had inaccurate forecasts of supply demands for the operation.³⁴ Furthermore, the Army's funding approval process delayed the flow of funds to buy them. Meanwhile, rapid acquisition of other items faced obstacles. Body armor production was limited by the availability of Kevlar and other critical materials, whereas the delivery of up-armored High Mobility Multi-Purpose Wheeled Vehicles and armor kits was slowed by DOD's decisions to pace production. In addition, numerous problems, such as insufficient transportation, personnel, and equipment, as well as inadequate information systems, hindered DOD's ability to deliver the right items to the right place at the right time for the warfighter. Among the items the department had problems delivering were generators for Assault Amphibian Vehicles, tires, and Meals Ready-to-Eat.

In addition to supply shortages, DOD also lacks visibility and control over the supplies and spare parts it owns. Therefore, it cannot monitor the responsiveness and effectiveness of the supply system to identify and eliminate choke points.³⁵ Currently, DOD does not have the ability to provide timely or accurate information on the location, movement, status, or identity of its supplies. Although total asset visibility has been a department-wide goal for over 30 years, DOD estimates that it will not achieve this visibility until 2010. DOD may not meet this goal by 2010, however, unless it overcomes three significant impediments: developing a comprehensive plan for achieving visibility, building the necessary integration among its many inventory management information systems, and correcting longstanding data accuracy and reliability problems within existing inventory management systems.

DOD, DLA, and the Services have undertaken a number of initiatives to improve and transform DOD's supply chain. Many of these initiatives were developed in response to the logistics problems reported during OIF. While these initiatives represent a step in the right direction, the lack of a comprehensive, department-wide logistics reengineering strategy to guide their implementation may limit their overall effectiveness. A key to successful implementation of a comprehensive logistics strategy will be addressing these initiatives as part of a comprehensive, integrated business transformation.

DOD Management Weaknesses Contribute to Governmentwide High-Risk Areas

I would now like to spend a few minutes discussing the six government-wide high-risk areas where DOD shares responsibility with other Federal agencies. First, I would like to provide our preliminary observations on DOD's attempt to address a critically important government-wide high-risk area—strategic human capital management—through its new human resources management system, the National Security Personnel System (NSPS). I also will briefly discuss DOD's need to address five additional government-wide high-risk challenges as part of the transformation of its business management practices.

³⁴ GAO, Defense Logistics: Actions Needed to Improve the Availability of Critical Items during Current and Future Operations, GAO-05-275 (Washington, DC: Apr. 8, 2005).

³⁵ GAO, Defense Inventory: Improvements Needed in DOD's Implementation of Its Long-Term Strategy for Total Asset Visibility of Its Inventory, GAO-05-15 (Washington, DC: Dec. 6, 2004).

Strategic Human Capital Management

Successful implementation of NSPS is essential for DOD as it attempts to transform its military forces and defense business practices in response to 21st century challenges. In addition, this new human resource management system, if properly designed and effectively implemented, could serve as a model for government-wide human capital transformation. DOD is one of several Federal agencies that has been granted the authority by Congress to design a new human capital system as a way to address the first government-wide high-risk area, strategic human capital management. This effort represents a huge undertaking for DOD, given its massive size and geographically and culturally diverse workforce. As I recently testified on DOD's proposed NSPS regulations,³⁶ our ongoing work continues to raise questions about DOD's chances of success in its efforts to effect fundamental business management reform, such as NSPS. I would like to acknowledge, however, that DOD's NSPS regulations take a valuable step toward a modern performance management system as well as a more market-based and results-oriented compensation system.

On February 14, 2005, the Secretary of Defense and the acting Director of OPM released the proposed NSPS regulations for public comment. Many of the principles underlying those regulations are generally consistent with proven approaches to strategic human capital management. For instance, the proposed regulations provide for: (1) elements of a flexible and contemporary human resources management system, such as pay bands and pay for performance; (2) rightsizing of DOD's workforce when implementing reduction-in-force orders by giving greater priority to employee performance in its retention decisions; and (3) continuing collaboration with employee representatives. (It should be noted, however, that 10 Federal labor unions have filed suit alleging that DOD failed to abide by the statutory requirements to include employee representatives in the development of DOD's new labor relations system authorized as part of NSPS.)

Despite this progress, we have three primary areas of concern about the proposed NSPS regulations. DOD's proposed regulations do not: (1) define the details of the implementation of the system, including such issues as adequate safeguards to help ensure fairness and guard against abuse; (2) require, as we believe they should, the use of core competencies to communicate to employees what is expected of them on the job; and (3) identify a process for the continuing involvement of employees in the planning, development, and implementation of NSPS.

DOD also faces multiple implementation challenges once it issues its final NSPS regulations. Given the huge undertaking NSPS represents, another challenge is to elevate, integrate, and institutionalize leadership responsibility for this large-scale organizational change initiative to ensure its success. A chief management official or similar position can effectively provide the continuing, focused leadership essential to successfully completing these multiyear transformations. Additionally, DOD could benefit if it develops a comprehensive communications strategy that provides for ongoing, meaningful two-way communication to create shared expectations among employees, employee representatives, managers, customers, and stakeholders. Finally, appropriate institutional infrastructure could enable DOD to make effective use of its new authorities. At a minimum, this infrastructure includes a human capital planning process that integrates DOD's human capital policies, strategies, and programs with its program goals, mission, and desired outcomes; the capabilities to effectively develop and implement a new human capital system; and a set of adequate safeguards—including reasonable transparency and appropriate accountability mechanisms—to help ensure the fair, effective, and credible implementation and application of a new system.

We strongly support the need for government transformation and the concept of modernizing Federal human capital policies within both DOD and the Federal Government at large. There is general recognition that the Federal Government needs a framework to guide human capital reform. Such a framework would consist of a set of values, principles, processes, and safeguards that would provide consistency across the Federal government but be adaptable to agencies' diverse missions, cultures, and workforces.

Other Related Governmentwide High-Risk Areas

In addition to the government-wide human capital high-risk area, DOD shares responsibility for five other high-risk areas. These areas are managing Federal real property, protecting Federal information systems and the Nation's critical infrastructure, establishing appropriate and effective information-sharing mechanisms to

³⁶GAO, Human Capital: Preliminary Observations on Proposed DOD National Security Personnel System Regulations, GAO-05-432T (Washington, DC: Mar. 15, 2005).

improve homeland security, modernizing Federal disability programs, and managing interagency contracting more effectively.

- **Managing Federal real property:** In January 2003, we designated Federal real property as a high-risk area due to longstanding problems with excess and underutilized property, deteriorating facilities, unreliable real property data, and costly space challenges. To better manage Federal real property, DOD is preparing for a round of base realignments and closures (BRAC) in 2005 to eliminate excess physical capacity and rationalize its infrastructure with the defense strategy. For BRAC 2005, we will continue to serve as an independent and objective observer of the process and will assess and report on DOD's decisionmaking processes leading up to the proposed realignment and closure recommendations. From our vantage point, we will determine to what extent DOD follows a clear, transparent, consistently applied process—one where we can see a logical flow between DOD's analysis and its decisionmaking. Although we do not attend or participate in deliberative meetings involving BRAC, we are permitted access to the minutes of these meetings and to officials involved in the process.
- **Protecting Federal information systems and the Nation's critical infrastructure:** Although DOD has made some improvements, significant information security weaknesses at DOD as well as other Federal agencies continue to place a broad array of Federal operations and assets at risk of fraud, misuse, and disruption. In November 2002, for example, a British computer administrator was indicted on charges that he accessed and damaged 98 computers in 14 states from March 2001 through March 2002, causing some \$900,000 in damage to the computers. The attacks rendered the networks of the Earle Naval Weapons Station in New Jersey and the Military District of Washington inoperable. We reported in 2003 that DOD had undertaken a defensewide information assurance program to promote integrated, comprehensive, and consistent practices across the Department to prevent similar attacks on its information systems and had recently issued policy guidance and implementation instructions.³⁷ However, we found that DOD did not have mechanisms in place for comprehensively measuring compliance with Federal and department information security policies and ensuring that those policies are consistently practiced throughout DOD. In fact, DOD reported several material control weaknesses, which included needing to decrease the time necessary for correcting reported weaknesses and ensuring that computer security policies were enforced and security capabilities were tested regularly.
- **Establishing appropriate and effective information sharing mechanisms to improve homeland security:** Recent events and changes in the overall security environment have served to reinforce the importance of having appropriate and effective information and knowledge-sharing mechanisms in place that cross organizational, geographic, and sectoral boundaries. Progress has been made since the tragic events of September 11, 2001, but much remains to be done. Achieving success in this area will involve the combined efforts of many agencies, including DOD, as well as a range of other key players.
- **Modernizing Federal disability programs:** Our work examining Federal disability programs has found that these programs are neither well aligned with 21st century realities nor positioned to provide meaningful and timely support for Americans with disabilities. Since GAO designated this area as high risk in 2003, the Department of Veterans Affairs (VA) and the Social Security Administration (SSA) have made some progress toward improving their disability programs. However, both VA and SSA still have difficulties managing their disability programs. They experience lengthy processing times for disability claims and lack a clear understanding of the extent of possible inconsistencies in their disability decisions. Furthermore, these programs remain grounded in outmoded concepts of disability that have not been updated to reflect the current state of science, medicine, technology, and labor market conditions.

The U.S. Government is faced with the return of more than 10,000 service-members who have sustained combat-related injuries in the current conflicts in Afghanistan and Iraq. Reassessing the impact of disabilities on their work capacity is especially important in light of recent advances in medicine and improved prosthet-

³⁷ GAO, Information Security: Further Efforts Needed to Fully Implement Statutory Requirements in DOD, GAO-03-1037T (Washington, DC: July 24, 2003).

ics, which have enabled some servicemembers to return to active duty. This example illustrates the potential for better aligning Federal disability programs with social changes that focus on supporting the work capacities of all people with disabilities. In light of the projected shrinkage of the workforce, focusing on work capacity is becoming increasingly important for the U.S. economy. The last two National Defense Authorization Acts afford us an opportunity to develop information and analysis that could be used to reassess the basis for current Federal disability policies. The National Defense Authorization Act for Fiscal Year 2004 established the Veterans' Disability Benefits Commission.³⁸ This commission is charged with studying the benefits provided to compensate and assist veterans who suffer disabilities attributable to military service, and their survivors.³⁹ The law requires the commission to study, among other things, the appropriateness of such benefits, the appropriate standard for determining whether a veteran's disability should be compensated, and the appropriateness of a schedule for rating disabilities based on average impairment of earning capacity. The Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 mandated a GAO study of the disability benefits that are payable under Federal, State, and local laws to Federal, State, and local government employees.⁴⁰ To the extent feasible, the study is to focus on benefits for disabilities incurred in the performance of jobs in which employees perform tasks with risks that are analogous to the risks associated with the performance of military tasks by members of the armed forces. In addition, DOD is mandated to study the adequacy of current and projected disability benefits that are available to disabled members and former members of the armed forces for service-connected disabilities,⁴¹ including a comparison of the disability benefits for members of the Armed Forces with commercial and other private sector disability benefits. We believe these studies should provide important information and analysis for deliberations on more fundamental reform of the design, cost, and feasibility of Federal disability programs.

- **Managing interagency contracting:** In recent years, Federal agencies have been making a major shift in the way they procure many goods and services. Rather than spending a great deal of time and resources contracting for goods and services themselves, they are making greater use of existing contracts already awarded by other agencies, in particular for buying services. These contracts are designed to leverage the government's aggregate buying power and provide a much-needed simplified method for procuring commonly used goods and services. These contract vehicles offer the benefits of improved efficiency and timeliness; however, they need to be effectively managed. Our work and that of some agency inspectors general has revealed instances of improper use of interagency contracts. For example, we recently reviewed selected DOD contracts and task orders for Iraq reconstruction and found some task orders under the General Services Administration (GSA) schedules program that did not satisfy legal requirements for competition because the work was not within the scope of the underlying contracts.⁴² More broadly, the GSA Inspector General conducted a comprehensive review of the contracting activities of GSA's Federal Technology Service, an entity that provides contracting services for agencies across the government, and reported that millions of dollars in fiscal year 2003 awards did not comply with laws and regulations.

Administration officials have acknowledged that the management of interagency contracting needs to be improved. As the largest customer for interagency contracts, it is particularly important that DOD successfully tackle the challenge of better managing its use of interagency contracts. We have reported on challenges DOD has faced in using interagency contracts. For example, we found that DOD waived competition requirements for a significant percentage of supply schedule orders we reviewed, frequently based on an expressed preference to retain the services of incumbent contractors.⁴³ DOD concurred with our recommendations to develop guidance for the conditions under which waivers of competition may be used, require documentation to support waivers, and establish approval authority based on the value of the orders.

In conjunction with the OMB and GSA, DOD is taking a number of steps—including developing new skills assessments, setting standards for the acquisition work-

³⁸ Pub. L. No. 108-136, § 1501, 117 Stat. 1392, 1677 (Nov. 24, 2003).

³⁹ § 1502.

⁴⁰ Pub. L. No. 108-375, § 666(d).

⁴¹ § 666(a).

⁴² GAO-04-605.

⁴³ GAO-04-874.

force, and coordinating training programs aimed at improving the capacity of the Federal acquisition workforce—to properly handle the growing and more complex workload of service acquisitions. DOD also has recently issued a new policy designed to improve oversight of its use of other agencies' contracts.

Need for Risk Management Approaches Is an Emerging Concern

In addition to specific areas that we have designated as high risk, there are other important broad-based challenges facing our Government that are serious and merit continuing close attention. One emerging area of concern involves the need for instilling a disciplined approach within DOD, as well as other agencies, for identifying and managing risk across a wide range of programs, operations, and functions. As a framework for decision making, we have advocated a comprehensive threat and risk management approach that fully links strategic goals to plans and budgets, assesses the values and risks of various courses of action as a tool for setting priorities and allocating resources, and provides for the use of performance measures to assess outcomes.

Emerging requirements from the changing security environment, coupled with increasingly limited fiscal resources across the Federal Government, emphasize the need for DOD to develop and use a risk-based strategic framework for establishing realistic goals, evaluating and setting priorities, and making difficult resource decisions.

In its strategic plan, the September 2001 Quadrennial Defense Review, DOD outlined a new risk management framework consisting of four dimensions of risk—force management, operational, future challenges, and institutional—to use in considering trade-offs among defense objectives and resource constraints. According to DOD, these risk areas are to form the basis for DOD's annual performance goals. They are to be used to track performance results and link to planning and resource decisions. We recognize what a large undertaking developing a department-wide risk management framework will be and understand that DOD is still in the process of implementing this approach. However, it remains unclear how DOD will use this risk management framework to measure progress in achieving business and force transformation. It also remains unclear how the framework will be used to correct limitations we have previously identified in DOD's strategic planning and budgeting, including the use of overly optimistic assumptions in estimating funding needs, which often result in a mismatch between programs and budgets. We are currently monitoring DOD's efforts to implement its risk management framework.

SOUND STRATEGIC PLANNING, CENTRALIZED CONTROL OVER BUSINESS SYSTEMS INVESTMENTS, AND SUSTAINED LEADERSHIP ARE KEY TO SUCCESSFULLY ADDRESSING DOD'S HIGH-RISK AREAS

Although DOD has a number of initiatives to address its high-risk areas, we believe that DOD must fundamentally change its approach to the overall business transformation effort before it is likely to succeed. We believe there are three critical elements of successful transformation—developing and implementing an integrated strategic and action plan along with an enterprise architecture to guide and constrain implementation of such a plan, establishing central control over systems investment funds, and providing sustained leadership. To ensure these elements are incorporated into the department's overall business management, we believe Congress should legislatively create a full-time, high-level executive with long-term “good government” responsibilities that are professional and nonpartisan in nature. This executive should have appropriate authority over all of DOD's business operations, as well as central control of all business transformation-related funding with the designated approval authorities assigned responsibility for transformation activities within their specific business process areas.

Reform Efforts Must Include an Integrated, Comprehensive Strategic Plan

Our prior work indicates that agencies that are successful in achieving business management transformation undertake strategic planning and strive to establish goals and measures that align at all levels of the agency.⁴⁴ The lack of a comprehensive and integrated strategic and action plan linked with performance goals, objectives, and rewards has been a continuing weakness in DOD's business management transformation. Since 1999, for example, we have recommended that a comprehensive and integrated strategy and action plan be developed for reforming DOD's

⁴⁴ GAO, Defense Management: Tools for Measuring and Managing Defense Agency Performance Could Be Strengthened, GAO-04-919 (Washington, DC: Sept. 13, 2004).

major business operations and support activities.⁴⁵ In 2004, we suggested that DOD clearly establish management accountability for business reform.⁴⁶ While DOD has been attempting to develop an enterprise architecture for modernizing its business processes and supporting information technology assets for the last 4 years, it has not developed a comprehensive and integrated strategy or action plan for managing its many business improvement initiatives. Nor has DOD assigned overall management responsibility and accountability for such an effort. Unless these initiatives are addressed in a unified and timely fashion, DOD will continue to see billions of dollars, which could be directed to other higher priorities, wasted annually to support inefficiencies in its business functions.

At a programmatic level, the lack of clear, comprehensive, and integrated performance goals and measures has handicapped DOD's past reform efforts. For example, we reported in May 2004⁴⁷ that the lack of performance measures for DOD's business management transformation initiative—encompassing defense policies, processes, people, and systems—made it difficult to evaluate and track specific program progress, outcomes, and results. As a result, DOD managers lacked straightforward road maps showing how their work contributed to attaining the department's strategic goals, and they risked operating autonomously rather than collectively.

Finally, DOD has not established a clear linkage among institutional, unit, and individual results-oriented goals, performance measures, and reward mechanisms for undertaking large-scale organizational change initiatives that are needed for successful business management reform. Traditionally, DOD has justified its need for more funding on the basis of the quantity of programs it has pursued rather than on the outcomes its programs have produced. DOD has historically measured its performance by resource components, such as the amount of money spent, people employed, or number of tasks completed. Incentives for its decisionmakers to implement behavioral changes have been minimal or nonexistent. The establishment of an integrated, comprehensive strategic plan could help DOD address these systemic management problems.

Central Control over Business Systems Investment Funds Is Crucial

DOD's current business systems investment process, in which system funding is controlled by DOD components, has contributed to the evolution of an overly complex and error-prone information technology environment containing duplicative, nonintegrated, and stovepiped systems. We have made numerous recommendations to DOD to improve the management oversight and control of its business systems modernization investments. However, as previously discussed, a provision of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005,⁴⁸ consistent with the suggestion I have made in prior testimonies,⁴⁹ established specific management oversight and accountability with the "owners" of the various core business mission areas. This legislation defined the scope of the various business areas (e.g., acquisition, logistics, finance, and accounting), and established functional approval authority and responsibility for management of the portfolio of business systems with the relevant Under Secretary of Defense for the departmental core business mission areas and the Assistant Secretary of Defense for Networks and Information Integration (information technology infrastructure). For example, the Under Secretary of Defense for Acquisition, Technology, and Logistics is now responsible and accountable for any defense business system intended to support acquisition activities, logistics activities, or installations and environment activities for DOD.

This legislation also requires that the responsible approval authorities establish a hierarchy of investment review boards, the highest level being the DBSMC, with DOD-wide representation, including the military services and defense agencies. The boards are responsible for reviewing and approving investments to develop, operate, maintain, and modernize business systems for their business-area portfolio, including ensuring that investments are consistent with DOD's business enterprise architecture. However, as I pointed out earlier, DOD has not yet established the lower-level investment review boards as required by the legislation.

⁴⁵ GAO, Defense Reform Initiative: Organization, Status, and Challenges, GAO/NSIAD-99-87 (Washington, DC: Apr. 21, 1999).

⁴⁶ GAO-04-551T.

⁴⁷ GAO-04-731R.

⁴⁸ Pub. L. No. 108-375, § 332.

⁴⁹ GAO-04-551T; and GAO, Department of Defense: Further Actions Needed to Establish and Implement a Framework for Successful Business Transformation, GAO-04-626T (Washington, DC: Mar. 31, 2004).

Although this recently enacted legislation clearly defines the roles and responsibilities of business systems investment approval authorities, control over the budgeting for and execution of funding for systems investment activities remains at the DOD component level. As a result, DOD continues to have little or no assurance that its business systems modernization investment money is being spent in an economical, efficient, and effective manner. Given that DOD spends billions on business systems and related infrastructure each year, we believe it is critical that those responsible for business systems improvements control the allocation and execution of funds for DOD business systems. However, implementation may require review of the various statutory authorities for the military services and other DOD components. Control over business systems investment funds would improve the capacity of DOD's designated approval authorities to fulfill their responsibilities and gain transparency over DOD investments, and minimize the parochial approach to systems development that exists today. In addition, to improve coordination and integration activities, we suggest that all approval authorities coordinate their business systems modernization efforts with a chief management official (CMO) who would chair the DBSMC. Cognizant business area approval authorities would also be required to report to Congress through a CMO and the Secretary of Defense on applicable business systems that are not compliant with review requirements and to include a summary justification for noncompliance.

Chief Management Official Is Essential for Sustained Leadership of Business Management Reform

As DOD embarks on large-scale organizational change initiatives, such as business management transformation, the complexity and long-term nature of these initiatives requires the development of an executive position capable of providing strong and sustained leadership—over a number of years and various administrations. One way to ensure sustained leadership over DOD's business transformation efforts would be to create a full-time executive-level II position for a CMO, who would serve as the Deputy Secretary of Defense for Management. This position would elevate, integrate, and institutionalize the attention essential for addressing key stewardship responsibilities, such as strategic planning, human capital management, performance and financial management, acquisition and contract management, and business systems modernization, while facilitating the overall business management reforms within DOD.

The day-to-day demands placed on the Secretary of Defense, the Deputy Secretary, and others make it difficult for these leaders to maintain the oversight, focus, and momentum needed to resolve the weaknesses in DOD's overall business operations. This is particularly evident given the demands that the Iraq and Afghanistan postwar reconstruction activities and the continuing war on terrorism have placed on current leaders. Likewise, the breadth and complexity of the problems and their overall level within the department preclude the under secretaries, such as the DOD Comptroller, from asserting the necessary authority over selected players and business areas while continuing to fulfill their other responsibilities. A CMO could provide the sustained and focused leadership that these other top officials are unable to provide.

If created, the new CMO position could be filled by an individual appointed by the President and confirmed by the Senate, for a set term of 7 years with the potential for reappointment. Articulating the roles and responsibilities of the position in statute would help to create unambiguous expectations and underscore Congress's desire to follow a professional, nonpartisan approach to the position. In that regard, an individual appointed to the CMO position should have a proven track record as a business process change agent in large, complex, and diverse organizations—experience necessary to spearhead business process transformation across DOD and serve as an integrator for DOD's needed business transformation efforts. Further, to improve coordination and integration activities, we suggest that all business systems modernization approval authorities designated in the Ronald W. Reagan National Defense Act of 2005⁵⁰ coordinate their efforts with the CMO, who would chair the Defense Business Systems Management Committee that DOD recently established to comply with the act. Cognizant business area approval authorities would also be required to report to Congress through the CMO and the Secretary of Defense on applicable business systems that are not compliant with review requirements and include a summary justification for noncompliance. In addition, the CMO would enter into an annual performance agreement with the Secretary that sets forth measurable individual goals linked to overall organizational goals in connection with the department's business transformation efforts. Measurable progress to-

⁵⁰ 10 U.S.C. § 222(f).

ward achieving agreed-upon goals would be a basis for determining the level of compensation earned, including any related bonus. In addition, the CMO's achievements and compensation would be reported to Congress each year.

Mr. Chairman and members of the subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.

Senator ENSIGN. Thank you, Mr. Walker.
Secretary Wynne.

STATEMENT OF HON. MICHAEL W. WYNNE, UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY, AND LOGISTICS

Mr. WYNNE. Chairman Ensign and Senator Akaka, members of the subcommittee, thank you for the opportunity to appear before you today and discuss the Government Accountability Office's high-risk determinations, and thank you for your kind comments.

Management guru Peter Drucker said, unless commitment is made, there are only promises and hopes, but no plans. Well, let me assure you, Senators, that we at the Department of Defense are committed. We're committed to improving the way we do business. We're committed to reducing risk. But most importantly, we are committed to supporting the warfighter, and this is paramount.

In fact, I believe you will see that we are much more efficient and effective than the GAO photograph and subsequent report would have you believe. Fundamental changes in the way these high-risk areas are addressed at DOD are underway and will become evident in the very near future.

We have been working not just on the surface but at the very foundations of management where data strategies get converted into actual management information. This effort has taken the better part of 3 years to architect and condition the infrastructure to the changes we need. Our capacity for change is now at its peak, and we're making ourselves felt throughout the supply chain, in the maintenance area, real property area, and in the area of transparent financials, which we believe is the key to the much-desired clean audit.

This is not where the GAO is focused, but it is the solution to the surface issues that they have addressed. We have accomplished not by organizational edict, but by partnering across the Department, inviting participation from the Services and combatant commanders, as well as other innovative functional managers who make up the Office of the Secretary of Defense (OSD) principal staff assistants.

American industry is moving to flatter, leaner organizations with standards set at the policy level, and with more responsibility and more accountability at all levels of management. We need to follow their example. In order to be successful with a leaner organization, we need to change our management culture at DOD and that is what we are about.

We are putting in several foundational knowledge elements, such as the use of Unique Identification for linking our data elements, Radio Frequency Identification for total asset visibility, and the Defense Acquisition Management Information Retrieval (DAMIR) capability for information transparency across the Department.

In regards to DAMIR we are also involving other government activities and Congress because we're doing it via an Internet system.

The reinvigoration of systems engineering, as well, is adding to our stable of tools, and it is really assisting our overstretched workforce within the acquisition area.

Along the way, elements of DOD are winning awards for e-government and e-commerce, but it all relates to knowledge enablement and transparency. With this foundation poured, we are now building on it the basic structure by having our functional managers managed by metrics that are rooted in meeting warfighter expectations and debated by senior Department leadership. This goes to the Defense Logistics Agency (DLA) reducing its overhead from 35 percent to 15 percent, and by reducing delays to the warfighter substantially.

These metrics are not only for individual projects and programs, but also on areas such as ethics. In addition, we are including ethical training in Lean Six Sigma that is the hallmark of competitive corporations. This foundation and basic framework are making our management stronger every day.

We are providing end-to-end knowledge and allowing our empowered people to manage the best practices. We don't need to make any dramatic management changes. What we need to make is cultural changes, and that is, again, what we are about.

I read with great interest the proposal for a Deputy Secretary for Management. I believe this proposed second Department Secretary would be just adding layers and players to an already burdened organization, and further remove the Secretary of Defense from vital and timely information on the workings of the Department, and that is the last thing we need.

Instead, we need to remain an agile and flexible organization that moves faster and not slower. Enabling knowledge across the organization to allow individuals who are motivated to make better choices is the better answer.

We need, and we have in place, management organized around a task. Everyone involved needs to be a problem-solver. Management and oversight of the Department's financial acquisition personnel systems should not be readily pulled out and placed in the lap of one person.

By the way, this has been tried once before. It was in 1972, and the job went unfilled for several years. Congress finally repealed the statute after some organizational dysfunction during the time it was filled, which was, I believe, for the first 2 years of Secretary Rumsfeld's first tour of the Secretary of Defense. So he is well aware of this position. I'm sure your staff can fill you in on the details of that experiment. I would ask that you carefully consider this history before reaching again for this solution. This solution did not and will not help the warfighter fight the next war.

I am also disappointed that the proposal as tabled would seek to overturn the long-inspired requirement for a private sector executive being the alter ego of the Deputy Secretary as it is today with the Under Secretary of Defense for Acquisition, Technology, and Logistics. It also combines four disparate functions, that currently and separately have great access to the Secretary, into a hierarchal offset to the single deputy that we now all look to in the Secretary's absence. To what end? So that we can better resolve this mix of identified specific issues? Where's the warfighter?

We were disappointed to see our management structure shaken up just as we're making dramatic improvements to integrate all of our functional elements, service responsibilities, and warfighter needs together. Another layer in management will only foster more delays than ever with new relationships and priorities potentially hurting, in fact, the very thing that you, I'm sure, seek to improve.

In addition, this new layer of management would further hurt our access to cutting-edge technology by pushing the leadership of technology, the Director of Defense Research and Engineering, further down in the organization. This would happen just when we desperately need to promote research and development and to excel in this area. This is an area that has been highlighted in the global war on terror as we seek technological solutions, and yet this proposal would essentially discredit this area.

The science and engineering fields are fading quickly in the United States, and it hits DOD hardest. In fact, I seek your support, sir, on the Smart and National Defense Education Act that's before you today.

In closing, Mr. Chairman, I'd like to reiterate the great strides we are making in addressing the GAO's concerns in the areas they define as high risk, as well as every other area of the Department. The GAO and the Office of Management and Budget are partnering to provide us a set of metrics to prove our forward progress.

I invite you and your fellow committee members to receive our briefings on the changes we've made to the foundation in supplying the warfighter from factory to foxhole. You might also be interested in hearing the recent release of rules from the Office of Management and Budget as applied to Unique Identification and Radio Frequency Identification, and where we are headed in the near future with those release.

We're bringing the Department well forward in financial transparency, using standards and delegated accountability. In this way, you and the committee members can check things out yourself, and I think you're going to agree with my assessment.

Again, thank you for the opportunity to testify before this subcommittee. I'd be happy to answer any questions you all might have.

[The prepared statement of Mr. Wynne follows:]

PREPARED STATEMENT BY MICHAEL W. WYNNE

Chairman Ensign, Senator Akaka, and members of the subcommittee: Thank you for the opportunity to appear before you and discuss the Government Accountability Offices' (GAO) high risk determinations that come under my purview. Since arriving at the Department of Defense, I directed action to resolve the longstanding GAO high risk areas of Weapons Systems Acquisition; Contract Management and Inter-agency Contracting; Supply Chain Management; Support Infrastructure Management and Managing Federal Real Property; and Business Systems Modernization. As noted by my friend David Walker and my GAO colleagues, our high level focus and associated initiatives have resulted in tangible progress in the weapon systems, contract management and infrastructure areas. Earlier this year, the Deputy Secretary gave me responsibility for the management and oversight of DOD business transformation. I look forward to working closely with the Comptroller as we make this transition and set the course for supporting the Department's future business operations. While we have made great progress in making acquisition more efficient, in moving capabilities to the warfighter faster, and in the transformation of our defense establishment, I recognize we must make even greater progress in the future. I thank the Committee for your leadership in providing both the authority and guidance for our efforts to date and ask for your continued support.

ETHICS

While I intend to provide an update of the actions underway to address GAO's high risks, I want to first discuss the steps I have taken to reinforce the Department's cultural emphasis on ethics in the wake of Darleen Druyun's pleadings and to briefly address the size and responsibilities of DOD's acquisition workforce. For many years, there has been a robust framework of statutes and regulations that demand strict adherence to ethical standards generally, and to principles of procurement integrity in particular. The vast majority of the Department's workforce holds these principles to be sacrosanct. Likewise, integrity is at the forefront of my Acquisition, Technology, and Logistics (AT&L) goals as my first goal continues to be Acquisition Excellence with Integrity. Over the past several months, I have launched a series of initiatives to underscore the fundamental role of ethics in acquisition. The ethical behavior of our procurement officials not only ensures that the acquisition process is fair and legitimate, but also serves the objectives of fiscal restraint and operational effectiveness so critical to the national defense.

It is essential that we continue to cultivate ethical values across the Department not only because ethics are important, but because an effective ethics program largely depends on self-enforcement. We must articulate the Department's commitment to ethics, so that each employee understands that commitment and makes a similar commitment, and we must organize the acquisition community to promote oversight and minimize the risk of abuse.

Beginning last fall, I announced a series of measures designed to augment the Department's ethics program, and to improve oversight and sound decisionmaking. In addition to the annual statutory training requirement, I called for the development of a mandatory ethics-training module for acquisition officials, to review standards of conduct in dealing with defense contractors. Every member of the acquisition community is to complete the training program by the end of this year. In November 2004, I established a Defense Science Board task force to study the process by which we make decisions regarding acquisition, and the checks and balances necessary to preserve the integrity of those decisions. Prior to finalizing their recommendations, the task force submitted preliminary recommendations in February. In response to those recommendations, I issued two memoranda to the senior acquisition executives of the Department's components: first, a directive that they establish policy, for my review, requiring that the authority to oversee acquisitions, make source-selection decisions, and negotiate or award contracts, does not reside in one person; and second, a request for reactions to the task force's recommendation that key leaders in the acquisition community undergo a thorough annual review by not only higher officials, but also by peers and staff.

These measures will build upon the solid base of an ethical culture already in place within the Department's acquisition community. The Defense Integrity Initiative is an ongoing effort of the Defense Industry that we have drawn upon for some of our ideas. As we move forward, I will call on companies across the defense industry to share best practices from their ethics programs and the way in which they impart corporate values to their employees. We must send the message that we expect ourselves and our contractors to reflect the highest ethical standards. The vitality of the procurement system depends on it.

ACQUISITION WORKFORCE

I also want to address, right up front, the size of the AT&L workforce. I believe we are at the point where any further reductions beyond the levels of this workforce, consistent with the President's 2006 budget request, will adversely impact our ability to successfully execute a growing workload. The numbers are startling. The Defense acquisition workforce has been downsized by roughly half since 1990 while the contract dollars have roughly doubled during the same time period. Specifically, the DOD-wide AT&L workforce shrank by 10 percent from 149,439 in March 1998 to 134,539 in September 2004. During this same time period contract actions increased significantly both in dollars and in the number of contract actions. Using 2004 constant year dollars, the contract dollars have increased from \$118 billion in fiscal year 1998 to \$241 billion in fiscal year 2004, a 105 percent increase. The greatest amount of work for acquisition personnel occurs on contracting actions over \$100,000, and those action have increased from 101,663 in fiscal year 1998 to 160,388 in fiscal year 2004, a 58 percent increase.

A study conducted by the Office of the Inspector General [IG Audit Report Number D-2000-80, DOD Acquisition Workforce Reduction Trends and Impacts, February 29, 2000] indicates that such reductions have led to significant impacts to the acquisition community, to include: increased backlog in closing out completed contracts; increased program costs resulting from contracting for technical support ver-

sus using in-house technical support; insufficient personnel to fill-in for employees on deployment; insufficient staff to manage requirements; reduced scrutiny and timeliness in reviewing acquisition actions; personnel retention difficulty; increase in procurement action lead time; skill imbalances; and lost opportunity to develop cost savings initiatives.

The global war on terrorism and increasing Defense budget places greater demands on acquisition workers ability to support the warfighter. I appreciate the leadership that the Senate has provided in prior years in ensuring that DOD has a sufficient acquisition workforce, that is well-trained. We need to continue to renew and restore the defense acquisition workforce. We need to ensure that we have the right people in the jobs to perform the functions required to support our warfighters. Now more than ever, I believe we need to increase the size of the acquisition workforce to handle the growing workload, especially as retirements increase in the coming years.

I will now address the specific high risk areas under my purview beginning with Weapons Systems Acquisition.

DOD'S WEAPON SYSTEMS ACQUISITION

GAO continues to assess weapon systems acquisition as high risk, but it acknowledges some of the positive steps we have taken. I want to be clear that we have made excellent progress in changing how we think about what I call "big acquisition," including how we develop and manage our requirements as well as the acquisition programs to meet those needs. DOD has changed its requirements processes and the acquisition processes in significant ways that emphasize the identification of joint network-centric capabilities while employing an evolutionary approach to rapidly acquire advanced warfighting capability. Our evolutionary acquisition programs are divided into increments of capability based on stable, well defined requirements; mature technology; and full funding. The anticipated results are reduced cycle time and programs that are delivered on time and within budget. Let me give you some specific examples of the thought process, and how it relates to some of the larger acquisition programs.

- Future Combat System (FCS). The budget delays fielding of the initial FCS Unit of Action by 4 years, while providing for the introduction of advanced technologies developed for the FCS into the current force. Rather than wait for the "final product", we have taken an approach that reduces overall risk to the FCS program, while still allowing the current force to benefit from many of the near-term possibilities flowing out of the program development activities.
- Shipbuilding. The new DD(X) destroyer, the CG(X) cruiser, and the Littoral Combat Ship (LCS) are representative of evolutionary acquisition in the context of a family of systems employing common technologies. DD(X) development is the baseline for CG(X) and technologies developed for DD(X) will be installed on CVN-21 and LHA(R) platforms. The fully open architecture Combat Systems Suite of the DD(X) will be the backbone for all future surface forces. In these cases, the budget maintains the integrity of the evolutionary acquisition process, keeping each program in its appropriate place in the development and initial construction cycle.

We are also taking a more corporate view of our acquisition process through the initiation of Capability Area Reviews. These reviews allow me and other senior department officials to review our capability areas from the 50,000-foot level to ensure we are seeing individual programs and systems-of-systems in the integrated and networked operating context for which they are intended. These reviews allow us to identify disconnects and inconsistencies more quickly than we would with an individual program approach and to facilitate early and effective corrective action. We believe this is key to ensuring a comprehensive and integrated approach to achieving the transformed warfighting capabilities that we need. We are re-establishing systems engineering which fell through the crack of previous reform efforts.

Part of our overall approach includes responding to joint warfighting requirements in an even more effective manner. Beginning in fiscal year 2006, I will initiate transformation of our very successful Advanced Concept Technology Demonstration (ACTD) effort into the Joint Capabilities Technology Demonstration (JCTD) program. The JCTDs acknowledge our commitment to support the joint warfighter, and they explicitly take into account the funding challenges associated with the rapid fielding of new technology. The new program will be based on suggestions we have received from Congress and the GAO, and I believe it will help us to maintain our department-level focus on important joint capabilities and to accelerate acquisition and fielding.

To meet the urgent operational needs of the warfighters, we created a Joint Rapid Acquisition Cell (JRAC). The JRAC is responsible for assisting in the resolution of immediate warfighting needs of combatant commanders' and/or the military departments' certified and prioritized Urgent Operational Needs that have been validated by the Chairman, Joint Chiefs of Staff. The JRAC has already had a favorable impact on 16 critical programs and the reprogramming of over \$400 million to enhance intelligence gathering and dissemination, quickly identify terrorists, safely explode IEDs, and protect our warfighters.

Another of my initiatives is the Defense Acquisition Management Information Retrieval (DAMIR) which streamlines acquisition program management reporting. We are re-engineering the very processes by which we gather and report management information concerning acquisition programs. The DAMIR ultimately will enable the OSD, the Military Services, and other participating communities to access information relevant to their missions regardless of the agency or where the data resides. Also, beginning this month, I am happy to say that this committee will have access to Purview, DAMIR's presentation layer. Right on your desktop, Purview will provide unclassified acquisition information that you typically receive in the annual paper copy of the Selected Acquisition Reports (SARs). Future releases over the next year will add additional information. By supplementing this with a hard copy classified annex, we can eliminate the hard copy annual SARs.

- **Systems Engineering Emphasis—Increase the Knowledge Base:** While mentioning these process improvements, I should note that we have reinvigorated our approach to systems engineering by issuing comprehensive and well designed policy, revamping our education and training programs, and implementing a robust outreach program to ensure the policies are institutionalized throughout the department and with our industry partners. The primary outreach emphasis is on individual programs to establish a sound initial and total life cycle program management structure. We expect this to lead to much improved control over our design and manufacturing processes, enhance our analysis of program status, and create an improved knowledge base for management decisionmaking. As Chairman of the Defense Acquisition Board, I have reviewed many programs where a lack of systems engineering has contributed to cost, schedule, and technical problems. Sound systems engineering practices are critical to our ability to field affordable weapon systems, on time, and that provide the capabilities we need on the battlefield.
- **AT&L's Scientist and Engineers:** My focus on systems engineering extends to our science and engineering workforce today and in the future. Since 1999 more than 12 major studies warn of the deteriorating situation within the U.S. science and engineering workforce. Last year Congress provided the Science, Mathematics and Research for Transformation (SMART) legislation that authorized the Department to carry out a scholarship program with an employment payback component. To ensure we maintain an effective workforce, I propose making the SMART Pilot a permanent program. I also seek your support in providing additional authorities that will improve substantially our ability to develop, recruit, develop, and retain individuals who will be critical in fulfilling the Department's national security mission.

In sum, the Department has taken many substantive steps toward improving the effectiveness, focus, and transparency of our weapons system acquisition process. We have no intention of stopping here, and we will do all that we can to support the needs of our warfighters using the most efficient, responsive systems we can design.

MANAGING FEDERAL CONTRACTING MORE EFFECTIVELY

Next I would like to address the High Risk area of DOD Contract Management including Services, Management of Interagency Contracting, Payments, and Contract Closeout as well as update you on our Spend Analysis efforts. The Department has made great strides in improving contract management. Numerous activities have been completed and many more are ongoing to improve our ability to award, monitor performance and ensure that payments are made timely and accurately.

- **Services:** In our acquisition of services, the Department has met all of the essential statutory requirements of implementing Section 801 of the National Defense Authorization Act for Fiscal Year 2002, which required the Department to establish and implement a management structure for the procurement of services comparable to the management structure that applies to the procurement of products. The Department continues to enhance

the management structures and processes beyond the basic implementation of the law through a variety of activities. To date we have implemented services contracts oversight processes for each of the Military Departments to ensure service acquisitions are of the highest quality, support DOD objectives, are performance based and are planned and administered to achieve the intended results. We are actively engaged in reviewing and modifying our processes modeled upon industry best practices including strategic sourcing at both the individual military department and at the joint service level. Through our efforts to model our entire acquisition function we can better understand where process improvements can and should be made to affect the greatest increases in efficiency. These managerial processes and acquisition process changes will greatly strengthen our ability to manage complex service actions.

- Management of Interagency Contracting: GSA and DOD have worked closely to make significant improvements in the manner in which GSA contracts and other Interagency Contracting is conducted. We continue to make improvements in our interagency acquisitions to ensure that contracts are utilized properly and comply with all fiscal requirements.

On October 29, 2004, DOD issued a new policy on the "Proper Use of Non-DOD Contracts." The policy was jointly signed by me and by my counterpart in the USD(C). The policy became effective on January 1, 2005. It requires the Military Departments and Defense Agencies to establish a process to ensure that, for actions greater than \$100,000, minimum standards be met before a non-DOD contract can be utilized to meet a DOD need.

The policy requires a specific determination be made that the requirements are within the scope of the intended contracts and a review of the proposed funding to ensure that it is compliant with all regulations. Our policy requires that DOD provide any unique requirements and clauses to a non-DOD contracting office issuing a contract on our behalf. We also are developing training on our policy.

In support of our policy, we have been working especially closely with the GSA in support of their "Get It Right" campaign and with the National Business Center (NBC) and "GOVWORKS" organizations of the Department of the Interior. We will be visiting other non-DOD organizations, such as the Department of Treasury and Veterans Affairs and NASA, to demonstrate our resolve.

Our recent policy changes and training emphasis are designed to instill discipline within the Department when utilizing a non-DOD contract to meet our needs. I would like to reaffirm the DOD's commitment to working closely with all the Assisting Agencies to improve the interagency acquisition process.

- Payments: The DOD acquisition community continues to partner closely with the finance community to improve the payments process. One of the areas of improvement is the matching process where invoices are compared to contracts and receipts/acceptances to ensure timely and correct payments are made. An electronic business solution called Wide Area Workflow (WAWF) is the DOD solution to standardize this process. WAWF lets vendors electronically submit invoices and receiving reports through a central point for all of DOD. In turn, Government users are able to electronically receive the information, digitally sign the documents, and process for payment. Within this process, WAWF is also the central point of electronic collection of the Unique Identification (UID), a key enabler of financial information, and AT&L transformation. The Defense Contract Management Agency (DCMA) has led the deployment of WAWF to the Department's top vendors with the greatest volume of monthly receiving reports and invoices. The results to date show the use of WAWF virtually eliminates late payments and associated interest penalties. The next version of WAWF will be released shortly and provides the ability to process receiving reports from local inventory systems, such as the Defense Logistics Agency (DLA) in particular, allowing for destination acceptance activities to utilize WAWF. At the DLA, this will allow WAWF to process high volumes of transactions in addition to the processing of Radio Frequency Identification (RFID) information for asset tracking from the factory to the warfighter. RFID is different than UID as the RFID can be used again but the UID, is unique to the system for its life. This will transform maintenance and government property.

We believe that these efforts will allow the Department to improve its ability to strategically plan the acquisition of services from which performance goals can be developed and to properly manage them throughout their life cycle.

- Contract Closeout: As part of our efforts to improve contract management, we have focused on reducing the number of overage contracts. This

involved a systemic review of the reasons for overage contracts, as well as a concentrated effort to identify overage contracts and the actions necessary to move them expeditiously through the closeout process. This has resulted in a greater than 50 percent reduction in the number of overage contracts over the last 3 years, from close to 20,000 to just over 9,000. We expect further reductions as a result of the contract closeout authority provided by the National Defense Authorization Act of 2005. The Act enables us to close out contracts that have an unreconciled balance of less than \$100,000. In addition to reducing the number of overage contracts, DOD has also undertaken a review of the systemic reasons for the existence of overage contracts. This review includes both an internal assessment and a request for public input on how to improve the contract closeout process. The internal assessment has revealed a number of areas for which improvements have already been made, including actions to facilitate receipt of contractor annual indirect cost submissions and final vouchers. The public input includes a public meeting that will provide a full and open discussion of how DOD can improve the contract closeout process. By taking actions to eliminate and/or mitigate these systemic issues, the number of overage contracts can be reduced even further.

- **Smart Buyer/Spend Analysis/Strategic Sourcing:** In response to several GAO reports the Department established a joint-level integrated product team to conduct a commercial type spend analysis of DOD's service acquisitions (excluding research and development). We analyzed contract award data, stratified our Services spending into 52 distinct commodity categories, and identified the top categories offering potential benefits through strategic sourcing. We established two joint-level commodity teams; administrative clerical services led by the Navy and wireless communication services led by the Army. The initial commodity analyses are complete and strategic acquisition plans are being developed for these two categories. The analysis and therefore strategy for the administrative clerical services commodity revealed that 100 percent of this acquisition will be set aside for small businesses; aligning the Department's goals for maximizing small business participation with strategic sourcing tenets. A third commodity team has just been established to review the acquisition of medical services (doctors, nurses, technologists) and is being led by the Army. A proposed joint-level concept of operations for conducting strategic sourcing efforts was approved by senior OSD, Military Department, DLA and DCMA procurement officials on January 14, 2005. The concept of operations outlines a governance structure, spend analysis concepts, as well as the establishment and conduct of commodity teams. Additionally, key representatives from the Department (that is, the Directorate of Defense Procurement and Acquisition Policy and our Defense Acquisition University) are participating in the OFPP working group for strategic sourcing and assisting in the development of the Federal-wide concept of operations and communications strategy.

The Department has recently completed a pilot program to automate the collection and analysis of essential, Department-wide spend data. Enabled by the Wide Area Work Flow and Unique Identification concepts, data was obtained and organized through the use of commercial off-the-shelf (COTS) business intelligence software into a Common Data Model directly from the Air Force and Army business intelligence systems, which capture a wealth of information about existing contracts. For the initial pilot, and as a cost savings measure, Navy spend data was incorporated into the Air Force system, and spend data from the Missile Defense Agency was incorporated into the Army system. In this initial pilot, we gained visibility into approximately 43 percent of the Department's spend for fiscal year 2004. Technical issues identified during the pilot phase are being resolved in conjunction with the CIO's office to further prove and evaluate the concept, with a plan to incrementally improve upon the pilot and deliver a spend analysis/business intelligence system to the acquisition and contracting community. The overarching goal is to provide a streamlined method by which managers at all levels can gain access to the relevant department-wide or component level spend data necessary to make smart acquisition decisions.

DOD'S APPROACH TO BUSINESS TRANSFORMATION ADDRESSING CHALLENGES IN BROAD-BASED TRANSFORMATIONS

I appreciate GAO's acknowledgement of the Department's senior leadership commitment to improving our business operations and their recommendations on significant transformation. I am currently pursuing DOD Business Enterprise-level ca-

pabilities that will serve as transformation catalysts to accelerate broader, Department-wide improvements in business processes and information systems, while enabling financial accountability. My leadership thrust relies on three principles: clear standards, clear lines of authority, and tiered accountability. Specific details on Supply Chain Management, Support Infrastructure Management, and Business Systems Modernization follow.

SUPPLY CHAIN MANAGEMENT

In the supply chain area, I want to first compliment Dave Walker and his staff for their assessments of DOD logistics and supply operations, dating back to the 1990s. I believe GAO has conducted more than 60 studies in this area since 1990—with 13 completed in 2003 and 2004—and the DOD has generally endorsed and implemented their recommendations.

The overall effectiveness of the total supply chain was demonstrated in Operation Enduring Freedom (OEF), which began less than a month after the September 11 attacks and removed the Taliban from power in short order. In support of Operation Iraqi Freedom (OIF), which led to the overthrow of Saddam Hussein in a matter of weeks, we moved and sustained a ground force farther and faster than ever before. Those accomplishments would not have been possible without an effective total supply chain.

The GAO report notes that DOD currently owns about \$67 billion in inventory in 2002. It should also be noted that when inventory management was added to the High-Risk Series in 1990, DOD inventory was over \$100 billion and the initial GAO focus was on efforts to reduce the inventory in the wake of the Cold War. When military readiness concerns surfaced in the late 1990s, DOD undertook steps to bolster inventories for critical spare parts. Budgetary limitations and the extended lead times for critical parts—up to 3 years for some aviation spares—posed significant challenges, but the supply chain was able to respond well enough to effectively support OEF and OIF. The foundation elements for inventory tracking was radio frequency ID.

The DOD supply chain has been a focus item of mine from the day I interviewed with the Secretary in 2001. I have sponsored several efforts to move towards Knowledge Enabled Logistics. Knowledge Enabled Logistics means asset tracking, conditioned based maintenance, performance based support from our industry providers, lean maintenance in all of the Depots, and integrating the Supply and Distribution folks to focus fully on factory to fighter. The introductions of Joint Deployment and Defense Distribution Operations Centers (JDDOCs) into Central Command in January 2004, and more recently into Korea, Pacific Command (PACOM), European Command (EUCOM), and Southern Command (SOUTHCOM), led to better-synchronized theater distribution and greatly reduced the goods in flow, while putting warfighter customer needs first. This means Trusted Logistics from the customer perspective, an end to duplicate ordering, and paying attention to retrograding repairs back to the U.S. with the same intensity as getting warfighting capability into theater. I have introduced Unique Identification and introduced changes to the International Standards Organization as a foundation element to knowing the stock, and also Radio Frequency Identification in partnership with commercial industry to manage inventory levels throughout the system, and throughout the theater when fully deployed. Over time all of our purchases that meet certain criteria will come to us both marked and tagged. I think the latest statistics demonstrate positively that we are very close to Trusted Logistics with the performance we have fostered.

Clearly ongoing operations demonstrate both the effectiveness of the DOD supply chain and some areas for continued improvement. Recent achievements include:

- We have integrated and focused the 500 initiatives which Dave's staff identified (and we found when I joined DOD) into four specific strategic initiatives: (1) achieve Joint Theater Logistics Management; (2) transform weapon system support; (3) compress our organically managed supply chain and achieve asset visibility; and (4) modernize our business systems.
- Industry continues to provide exceptional performance based support to our weapon systems. We are realizing 30 to 40 percent increases in materiel availability, a 70 to 80 percent reduction in lead times, and historically high readiness levels for systems deployed in Iraq today.
- Responded as rapidly as possible (given lead time) to improve materiel availability. Today, materiel availability for the DLA is 88 percent (versus a target of 85 percent) and backorders hit a historic low in March 2004.
- Through aggressive partnering with industry, DLA's cost recovery rate is at a historic low of 15 percent this year.

- Increased the number of recoverable items returned from theater for repair each quarter by a factor of 20 in the past year.
- Established a new contractor-operated distribution depot using a commercial warehouse system in Kuwait in September 2004.

Even with these accomplishments, we have some areas for improvement, including further reducing our response time and variability in that response time. To address those areas DOD will continue to aggressively implement joint theater logistics, performance based weapon system sustainment, lean organic procedures, radio frequency identification, and an integrated end-to-end distribution process. We published our strategy for achieving Knowledge Enabled Logistics on December 10, 2004 and we are currently documenting specific actions and milestones to implement that strategy. I expect to publish those actions and milestones as a "Logistics Roadmap" in July 2005.

In summary, the Department has done much to improve the management of its supply chain, but much remains to be done. I firmly believe in continuous improvement, that we can always improve, always find ways to do better. So, I welcome the assistance of the Office of Management and Budget and the Government Accountability Office to focus the Department's efforts in this and other areas on GAO's High-Risk list. I fully agree with the OMB formula for effective management: top management commitment, a clear definition of what must be accomplished, a clear action plan, and a process for holding people accountable for results.

SUPPORT INFRASTRUCTURE MANAGEMENT & MANAGING FEDERAL REAL PROPERTY

In January 2003, GAO designated Federal real property as a high-risk area due to longstanding problems with excess and underutilized property, deteriorating facilities, unreliable real property data, and costly space challenges. In their most recent update of the high-risk series, GAO concluded that the underlying conditions continue and that more remains to be done to address the problems and obstacles that prevent agencies from solving them.

In February 2004, Executive Order 13327, Federal Real Property Asset Management, was issued by the President to promote the efficient and economical use of Federal real property assets and to assure accountability for implementing management reforms. The EO established the Federal Real Property Council, which has been instrumental in establishing guiding principles, asset management plan requirements, performance measurements, and inventory management direction. DOD has been actively leading the inventory management efforts in support of the EO.

For the past several years, the Department of Defense has been pro-active in its efforts to manage the Department's facilities and infrastructure. In 1998, the Department set out on a 6-year program to eliminate 80 million square feet of obsolete and excess facilities, and subsequently exceeded the target. In 2001, the Department issued its first ever Defense Facilities Strategic Plan. In September 2004, we issued a comprehensive, capabilities-based, performance-oriented Defense Installations Strategic Plan. Our infrastructure investment strategy rigorously utilizes key metrics such as sustainment and recapitalization, to provide support for the facilities that directly support mission and readiness. To improve the accuracy and usability of the inventory, in 2004 the Department undertook an extensive review and re-engineering of its real property inventory system and process. In the course of re-engineering, we have developed the concept of assignment of unique identifiers to real property assets. This enables linkage of related real property data across business areas, achieving the AT&L vision of linking people to real and personal property—any place, any time, anywhere.

The President's Management Agenda recently started including Real Property Asset Management as one of its key scorecards. As of December 2004, the Department's progress in its real property management improvement efforts was scored green, reflecting the aggressive efforts being taken. Our practices are being adopted at many of the other Federal agencies, such as DOE and NASA. We have taken GAO high-risk very seriously, and are working to ensure our real property asset management practices provide the infrastructure needed to enhance the operational force capabilities and missions.

BUSINESS SYSTEMS MODERNIZATION

Although recently designated by GAO as a "High Risk Area" in its January 2005 report, the Department's approach to Business Transformation is moving in the right direction. On February 7, 2005, the Deputy Secretary established the Defense Business Systems Management Committee (DBSMC) and designated me as its Vice Chairman. The Committee will oversee business transformation and ensure funds are obligated for defense business systems modernization in accordance with the re-

quirements of the National Defense Authorization Act (NDAA) for Fiscal Year 2005. Additionally, I have assumed direct responsibility for the Business Management Modernization Program (BMMP). I have assumed this new responsibility as it has become evident that the BMMP was not achieving its objectives, as evidenced by the recent downgrading in its progress rating in the President's Management Agenda. To get BMMP back on track, I have appointed a Special Assistant for Business Transformation who will be my full-time Senior Executive overseeing the Defense Business Systems Modernization efforts.

As described in our March 15, 2005 Annual Report to the Congressional Defense Committees, we are on track with establishing a strategic and integrated plan for business transformation with specific goals, measures and accountability mechanisms. Our efforts to ensure effective control and accountability over the Department's business transformation address many of the concerns and recommendations identified in the recent draft GAO report (GAO-05-381, March 16, 2005), titled "DOD Business Systems Modernization: Billions Being Invested Without Adequate Oversight."

These actions make sense because most of the processes that support financial management and the Department's goal of financial transparency reflected in clean audits are AT&L processes. Additionally, having the Deputy Secretary of Defense and the Under Secretary for AT&L overseeing this program sends a clear message regarding senior leadership involvement. Placing the program under acquisition oversight will instill program discipline as we move from focus on architecture development to rapid implementation of business capabilities.

We have also delegated responsibility for review, approval, and oversight of defense business systems to the approval authorities specified in the 2005 NDAA. As part of the investment review board process, we are defining a management structure that clearly defines the relationship between OSD and the components for investment review responsibilities. I believe these steps will ensure the management accountability and sustained engagement by senior DOD leadership recommended by GAO in the report I mentioned earlier.

We have made significant progress to date on creating data standards and strategies, translating over 145,000 requirements into business rules for financial compliance, developing an initial Business Enterprise Architecture, and improving control of IT spending. Additionally, we have made great gains in defining processes and standards for Unique Identification as a means of achieving Total Asset Visibility, developing a Standard Financial Information Structure (SFIS) that will enable financial transaction traceability, and creating a single face to industry for all components using information technology.

As you are aware, a number of DOD components are making substantial investments in ERP systems. In addition to ensuring that we provide the Services with data standards and business rules to ensure interoperability among these systems, and complying with DOD-wide Business Enterprise capability requirements, I am working closely with the ASD(NII) and the business mission area owners to ensure that these transformational systems are acquired properly and that their potential benefits are achieved as soon as possible. Our initiatives in this area include: (1) establishing Blanket Purchase Agreements for COTS/ERP software and associated system integration services under the Enterprise Software Initiative; (2) publication of a Defense Acquisition Guidebook section on best practices in acquiring COTS software; and (3) mapping the decision points and information requirements of the DOD Acquisition Framework to the natural decision points of the COTS/ERP acquisition process. Finally, as part of the realignment of the BMMP into AT&L, we are establishing an ERP center of expertise. This team of subject matter experts will work with the components to further encourage sharing of best practices, reuse of capabilities already developed, and rapid implementation of DOD rules and data standards.

We are working to address GAO concerns with the DOD's business system inventory and enterprise architecture. As we stated in our March 15 report, DOD has improved the accuracy of its business system inventory. A standard definition of a system is being used to ensure a consistent inventory and business systems are now being recorded in a single repository, the DOD Information Technology Portfolio Data Repository (DITPR). We are on track to complete a Business Enterprise Architecture sufficient to clearly define the DOD Business Enterprise and its associated capabilities and systems, as well as the component Business Enterprises and their capabilities and systems, by this fall as required by the 2005 NDAA.

While significant work remains, I am confident that the strategy we have adopted and the steps we have taken will achieve the transformation we desire and account for shortcomings identified by GAO in their recent reviews.

CONCLUSION

Before closing, I would like to note how extremely proud I am of the world-class AT&L workforce. One metric of their ability and dedication can be found in the awards they win. Some highlights of these are: The Defense Acquisition University was recently recognized by the American Society for Training and Development at the #1 training organization for 2004 in America. Our efforts to transform business processes and practices won recognition as well. Ms. Lisa Romney, one of our procurement analysts, was selected as a Fed 100 winner, and two enterprise programs managed by DOD recently won recognition: The Federal Technical Data Solutions (FedTeDS) was a finalist for the 2005 Excellence.gov Award, and the DOD E-Mail received the David Packard Excellence in Acquisition Award.

In closing Mr. Chairman, thank you for the opportunity to testify before the subcommittee about our acquisition programs, policies, processes, and, especially, our people. I would be happy to answer any questions you and the members of the subcommittee may have.

Senator ENSIGN. Thank you, Secretary Wynne.
Mr. Henke.

**STATEMENT OF ROBERT J. HENKE, PRINCIPAL DEPUTY
UNDER SECRETARY OF DEFENSE (COMPTROLLER)**

Mr. HENKE. Mr. Chairman, Senator Akaka, good morning. I appreciate this opportunity to discuss the progress we are making in improving the management of the business mission area of the Department of Defense, including the specific improvements we are deriving in the area of financial management.

Since I arrived at the Department last fall, I have been extremely impressed with the level of effort and focus that DOD employees have dedicated to the improvement of the Department's business capabilities. Our organization is complex, but we are working to drive best business practices, to improve financial accountability, and most importantly, to provide better support to our warfighters as they fight the global war on terror.

We recognize that our challenges are not exclusively caused by systems, processes, culture, or even bureaucracy. We understand that it is a combination of these factors that must be addressed with great energy in order to make progress. Initiatives that enhance our financial management capabilities are being pursued with an appreciation for the broader business management transformation that is necessary.

We are leading these efforts from the top, but our success is the direct result of broad cooperation, collaboration, and cultural change across the Department. From this perspective, I should note how appropriate it is that I appear today with my colleague, Under Secretary Mike Wynne. Shortly after Secretary Tina Jonas testified to this committee last November, the Office of the Under Secretary for Acquisition, Technology, and Logistics (AT&L) and the Comptroller joined with the Under Secretary for Personnel and Readiness (P&R) to direct necessary changes to the next phase of the Business Management Modernization Program (BMMP).

Both Ms. Jonas and Mr. Wynne designated senior DOD officials, Tom Modly, Deputy Under Secretary of Defense for Financial Management, and Paul Brinkley, Special Assistant to the Under Secretary for AT&L for Business Transformation, with the direct responsibility for shifting the BMMP program from its previous phases to an implementation phase. The program is now focusing on the delivery of DOD enterprise systems and standards.

Under Mr. Modly's and Mr. Brinkley's leadership over the last several months, the program has developed an interim transition plan detailing our plans for enterprise systems evolution and migration. More importantly, the program has established a set of clear DOD-level enterprise capabilities and priorities for new systems, and it has established a tiered approach with the components for governance to guide the further development of the enterprise architecture.

A final transition plan and the release of the architecture will be delivered to Congress in September of this year. Details about the program alignment were delivered to our BMMP report to Congress on March 15.

Further reinforcing our efforts to drive, from the top, an enterprise approach to business transformation and financial improvement, we established the Defense Business Systems Management Committee (DBSMC) as required by legislation last year. As chairman of the committee, the Deputy Secretary designated AT&L as the vice chair. At the same time, AT&L has assumed direct responsibility for program management of BMMP. This will facilitate centralized tracking of cost, schedule, and performance data for the critical DOD enterprise business systems.

We also established Investment Review Boards (IRB), that are required to approve investments in excess of \$1 million. These IRBs will be led by the Under Secretaries of AT&L, Comptroller, and P&R. Standard procedures that streamline the current certification process will be established by the DBSMC later this month, and we will implement them immediately.

In the interim, we have continued to certify systems investments through the Comptroller and the main certification process. To date this year, we have already reviewed 116 systems against our plan of reviewing 148 systems this year. A shift to the new investment review process will facilitate rapid completion of our remaining systems reviews this year.

Turning to the area of DOD financial management progress, the successful implementation of BMMP enterprise priorities will have a significant long-term impact on the business operations of the Department. BMMP, however, is not the sole focus of our day-to-day efforts to improve DOD financial management. We are committed to eliminating the DOD financial management deficiencies identified as high risk by the GAO. We have raised our professional standards for financial management. It is inspiring to see the work that our financial management professionals do on a daily basis, despite the organizational complexities, setbacks, and system challenges of our current environment.

We are building upon the accomplishments of the past and moving ahead with initiatives that will further improve financial performance and accountability. In December, we provided this committee our planned financial improvement objectives and milestones through June. We organized these objectives along four main financial management improvement areas: correcting reporting deficiencies; cleansing data; improving business process; and modernizing defense business systems.

Under each area, we identified specific measurable objectives to be accomplished by June. I'm happy to report today that we are on

track to meet these objectives, although we had been impeded in some ways by language in the National Defense Authorization Act for Fiscal Year 2005. Specifically, section 352 prohibits spending to advance financial audit work until our systems transition plan is complete.

While we fully agree that an integrated systems transition plan is important, we have a responsibility and indeed an obligation to promote good financial management practice wherever and whenever we can, including better internal controls, more credible asset and liability valuations, and business process improvements, regardless of the current state of systems transformation.

Limited and specific relief from the restrictions of 352 would allow us to continue to pursue sustainable, repeatable improvements that are not in conflict with our current plan for new systems. More importantly, it helps us maintain our momentum.

Gentlemen, we are on track to complete each of our 27 objectives for June. Several of them have already been completed, and I'd like to report to you on our accomplishments as follows. In the area of correcting reporting deficiencies——

Senator ENSIGN. Mr. Henke, if you could sum up please so we can get to some questions.

Mr. HENKE. Yes, sir. Sir, I'd like to emphasize that our business improvement challenges are not one-dimensional. These system improvements are critical, but we take our management responsibilities seriously to improve the Department. Improved financial management leads to accurate financial reporting. It's a priority in itself, but the real results are the business improvements that are seen and realized by the warfighters through more reliable, accurate, and timely information.

This subcommittee's and your personal continued support and interest in this area is deeply appreciated, sir, and I look forward to further opportunities to discuss our important work with you.

[The prepared statement of Mr. Henke follows:]

PREPARED STATEMENT BY ROBERT J. HENKE

Mr. Chairman, members of the subcommittee, I appreciate this opportunity to discuss the progress we are making in improving the management of the business mission area of the Department of Defense, including the specific improvements we are driving in the area of financial management. Since I arrived in the Department last fall, I have been extremely impressed with the level of effort and focus DOD employees have dedicated to the improvement of the Department's business capabilities. Our organization is complex, but we are working to drive best business practices, to improve financial accountability, and most importantly, to provide better support to our warfighters as they fight the global war on terror.

We recognize that our challenges are not exclusively caused by systems, or processes, or culture, or bureaucracy. Therefore, we understand that it is the combination of these factors that must be addressed with great energy in order to make progress. As a result, improvement initiatives that enhance our financial management capabilities are being pursued with an appreciation for the broader business management transformation that is necessary. We are leading these efforts from the top, but our successes are a direct result of broad cooperation, collaboration, integration, and cultural change across Department.

From this perspective, I should note how appropriate it is that I appear today with my colleague, Michael Wynne. Shortly after Under Secretary Tina Jonas's testimony to this committee last fall, the office of the Under Secretary of Defense (USD) for Acquisition, Technology, and Logistics and the Comptroller joined with the Under Secretary for Personnel and Readiness (P&R) and the acting Assistant Secretary for Network Integration and Information (NII) to direct necessary changes to the next phase of the Business Management Modernization Program (BMMP).

Both Ms. Jonas and Mr. Wynne designated senior DOD officials (Mr. Tom Modly, Deputy Under Secretary of Defense for Financial Management, and Mr. Paul Brinkley, Special Assistant to the Under Secretary (AT&L) for Business Transformation) with the direct responsibility for shifting the BMMP program from its previous phases to an implementation phase. The program is now focusing on the delivery of DOD enterprise systems and standards. Under Mr. Modly's and Mr. Brinkley's leadership over the last several months, the program has developed an interim Transition Plan detailing the Department's current plans for enterprise systems evolution and migration. More importantly, the program has established a set of clear DOD enterprise priorities for new systems and capabilities, and it has established a tiered approach with the Components to guide the further development of the enterprise architecture. A final Transition Plan and release of the architecture will be delivered to Congress in September 2005. Details about the program realignment were delivered in our report to Congress on BMMP on March 15.

Further reinforcing our efforts to drive from the top an enterprise approach to business transformation and financial improvement, we have established the Defense Business Systems Management Committee (DBSMC). As chairman of the committee, the Deputy Secretary of Defense designated the Under Secretary of Defense (AT&L) as the vice chair. Concurrent with that designation, the Under Secretary of Defense (AT&L) has assumed direct responsibility for the program management of BMMP. This will facilitate centralized tracking of cost, schedule, and performance for the critical DOD enterprise business systems programs.

Concurrent with the formation of the DBSMC, we also established Investment Review Boards (IRBs) that will be required to approve investments in excess of \$1 million. These IRBs will be led by the Under Secretaries for AT&L, Comptroller, and P&R. Standard procedures that streamline the current certification process will be established by the DBSMC later this month, and we will implement them immediately. In the interim, we have continued to certify systems investment through the Comptroller and Domain certification process. To date we have reviewed 116 systems against our plan of reviewing 148 systems in fiscal year 2005. A shift to the new streamlined investment review process will facilitate a rapid completion of the remaining system reviews required for this year.

DOD FINANCIAL MANAGEMENT PROGRESS

The successful implementation of BMMP enterprise priorities will have a significant long term impact on the business operations of the Department. The BMMP, however, is not the sole focus of our day-to-day efforts to improve DOD financial management. We are committed to eliminating all DOD financial management deficiencies identified as "high-risk" areas by the Government Accountability Office. We have raised our professional standards for financial management. It is inspiring to see the work financial management professionals are doing despite the organizational complexities and systems challenges of our current environment. We are building upon accomplishments from the past 4 years and moving ahead with critical initiatives that will further improve financial performance and accountability.

In December, we provided to this committee our planned financial improvement objectives and milestones through June. We organized these objectives along four main financial management improvement areas: correcting reporting deficiencies, cleansing data, improving business processes, and modernizing defense business systems. Under each area we identified specific objectives to be accomplished by June. We are on track to meet these objectives, although we have been impeded in some areas by the language of section 352 of the National Defense Authorization Act for Fiscal Year 2005. Specifically, section 352 prohibited spending to advance financial audit work until our systems transition plan was complete. While we agree that an integrated systems transition plan is important, we have a responsibility to promote good financial management practices, including better internal controls, more credible asset and liability valuations, and business process improvements regardless of the current state of systems transformation. Limited relief from the restrictions of section 352 would allow us to continue to pursue sustainable improvements that are not in conflict with our current understanding of our plan for new systems. More importantly, it would help sustain the momentum of previous progress in this area.

We are on track to complete each of our 27 objectives for June. Several of the specific objectives have been completed, and only two (professional accounting certification policy and audit assertion for Navy "other assets" category) require some mitigating action at this time to ensure a June completion. We have accomplished the following:

Correcting Reporting Deficiencies-improving how we report financial information:

- Standard Financial Information Structure (SFIS). By May we will have a final financial coding structure for the Department. This is the standard financial language that will be required to ensure all DOD financial transactions/information are coded consistently across all components. Our current environment has multiple financial languages that require translation at various levels before being rolled up to the Department's financial statements.
- Fund Balance with Treasury Assertions. Two of the military departments (Air Force and Army) are ready for audit confirmation of the "Fund Balance with Treasury" line items on their respective balance sheets. This represents 12 percent of the Department's assets. (Section 352 of the NDAA for Fiscal Year 2005 has restricted us from completing this work.)

Cleansing Data—establishing a baseline understanding of the value significant balance sheet line items prior to integration into new systems:

- Military Equipment Valuation. Since December, we have completed an initial valuation of an additional 281 military equipment programs, bringing our total to 661 programs. We are well on our way to completing valuations for all 1,086 military equipment programs. This is critical to developing a baseline valuation for our military equipment to accurately report the largest asset category on our balance sheet (27 percent of assets).
- Reconciliation of Personnel Pay Records. We have completed a detailed review of over 600,000 military pay records to ensure the accuracy of records being migrated into the new pay system (Forward Compatible Pay).

Improving Business Process—implementing best practices across the core business missions of the Department:

- BEA/EBPM Revisions. The BMMP has completed revisions to the Enterprise Business Process Models to reflect a greater emphasis on horizontal, end-to-end business processes aligned with the new governance of the program. This is a critical element of the September 2005 architecture deliverable.

Modernizing Defense Business Systems—implementing anew, interoperable business systems environment that reduces manual dependencies and increases human resource, materiel, and financial visibility:

- Defense Business Systems Management Committee (DBSMC). Established the DBSMC as the governing body for business transformation chaired by the Deputy Secretary of Defense, and vice chaired by the Under Secretary of Defense (AT&L).
- Investment Review. Established Investment Review Boards (IRBs) to review all spending in excess of \$1 million on business systems.
- Interim Transition Plan. Completed an interim systems transition plan and program baseline for BMMP as a roadmap for systems migration and the development of DOD enterprise-level capabilities. A final plan will be delivered in September 2005.

We are currently developing our key objectives for the June through December timeframe, and we look forward to reporting similar successes to you.

CLOSING

In closing, I would like to emphasize that our business improvement challenges in DOD are not one-dimensional. Systems improvements are critical to this effort, but we also take seriously our management responsibility to improve the accountability and efficiency of our business operations regardless of today's systems environment. Our military forces are transforming themselves to adapt to a changing security environment that requires speed, agility, and flexibility. We are focusing our work to ensure the business mission of the Department is transformed as well.

Improved financial management that leads to accurate financial reporting is a high priority objective of the senior leadership of the Department because it provides tangible measures of accountability to the taxpayers. The process and business improvements that accrue to the warfighter through more reliable, accurate, and timely financial information, however, are the real value of this work.

This subcommittee's continued support and interest in this area is deeply appreciated. I look forward to further opportunities to discuss this important work with you.

Senator ENSIGN. I want to thank all of you. We have what seems like a little bit of a difference of opinion on what Mr. Walker has

reported and his people have found. The GAO is set up, because they have some expertise in being able to do some oversight and to report back to Congress. That's the whole purpose.

I see the role of our job here as the subcommittee and the committee in general and Congress is to provide those warfighters what they need. But we also have a very solemn responsibility to the taxpayer to make sure that the dollars that we provide have oversight, that they aren't wasted, that there are the best management practices put into place so that those dollars actually get to the warfighter, that they are not wasted.

That's really the purpose of these hearings. The problems that have been within the DOD, and, for that matter, throughout many parts of our Government deserve examination. I appreciate what the DOD has reported today about the metrics that you are using—that you are attempting to improve.

But, as I mentioned in my opening statement, we have a lot of the same promises that have been made every year for the last, at least, 8 years before this subcommittee, and not a lot as far as results, tangible results, seem to have been made. We keep hearing promises that, well, just wait, it's coming, just wait, it's coming, and then there's a new person. We just have different people reporting the same thing basically year after year.

That's one of the frustrations for this subcommittee. We want to see results. So, Mr. Walker, I'd like you to respond to some of those observations. We can have a back and forth here.

Mr. WALKER. Sure.

Senator ENSIGN. We want to have some discussion on the idea of why you think the Chief Management Officer is a good idea. Is it system-correcting? In other words, as you mentioned, no matter how good the personalities are, if they're dealing with a bad system, then it really doesn't matter.

But I would also say, Mr. Walker, that the individuals are responsible for the systems. If I'm the CEO of a company and I say they are good people, but they have bad systems, it's up to the people to change the systems.

So with that in mind, if you could just address some of the comments that have been made by Secretary Wynne and Mr. Henke.

Mr. WALKER. If I can, Mr. Chairman, let me start off by saying, GAO is in the business of providing independent, professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced information. I believe that I've met those criteria this morning.

Number two, I agree with Secretary Wynne that there are way too many layers, way too many players, way too many hardened silos in DOD. But there's nobody in charge of business transformation and there is no plan. I totally agree that we ought to eliminate a lot of these extra layers. We ought to reduce the number of players that get involved and we ought to reduce the number of silos and try to de-harden the silos.

But that takes leadership, and it takes somebody who's responsible and accountable, who's persistently focusing on these things at the right level with the right players over a considerable period of time.

I would respectfully suggest that the issue of a Chief Management Officer has to be dealt with by Secretary Rumsfeld, by the Di-

rector of OMB, and by the President, because everybody below them has a conflict of interest with regard to any opinion that they might give, no matter how sincere they are.

Senator ENSIGN. Mr. Walker, could you address the idea of the authority with a level two. Especially the budget authority and that conflict of interest that you were talking about.

Mr. WALKER. Sure. I've seen a draft of the legislation that the committee is considering, and I can understand that, on the surface, how somebody would be concerned about. This is a new player and what does this mean? What are the reporting lines? Is this a new layer? What's the division of responsibilities going to be between the current Deputy and the new Deputy Secretary for Management?

Frankly, I think the drafters of what I've seen did a great job in making it very clear that this is not a new layer. The new position is basically trying to provide responsibility and accountability for things that need to get done at the right level of the organization recognizing that the current Deputy Secretary is the number two official within the Department. That job is very much needed. That job is the alter ego to the Secretary. That job also focuses more on policy-related issues, military transformation issues, and budget issues. What resources are you going to ask for is a policy issue. The Deputy Secretary for Management is a business executive, hopefully with both public and private sector experience, who focuses on operational issues. I'm not talking about military operations. I'm talking about business operations dealing with things like financial management, information technology, human capital strategy, knowledge management, and change management. This person would end up working in partnership with the Secretary, the Deputy Secretary, and others, but who would be focused on management issues, not policy issues, and who would not be intended to keep, for example, the Under Secretary for AT&L and others from being able to do their job. It's frankly, to try to facilitate a more strategic, integrated, and persistent approach to dealing with these issues.

One last thing, Mr. Chairman, if I may—

Senator ENSIGN. Mr. Walker, while you're addressing that—

Mr. WALKER. Yes.

Senator ENSIGN. Could you address some of the differences?

Mr. WALKER. Sure.

Senator ENSIGN. DOD has reported that they made great progress and within a couple months we would be even more impressed with the progress that they'd made. Can you just address—

Mr. WALKER. Sure. I'd be happy to.

Senator ENSIGN.—whether you think they have made progress, and percentage-wise what that progress is?

Mr. WALKER. Mr. Chairman, a typical GAO report says some progress has been made, but much remains to be done. Such is the case here. I'm not saying that progress has not been made at the Department of Defense, but let me give you several examples.

Number one, with regard to BMMP, which is the enterprise architecture and the related information technology effort, several hundred million dollars has been spent on that. I haven't seen the

product. I've seen within the last week a conceptual framework for a way forward which I believe has merit and I believe is a positive step forward. It is clearly an improvement from where the Department was before, but it's not a plan. I don't know what the results of the several hundred million dollars effort have been and what even product will result from that effort.

Second, financial management. I've recently been briefed on a new tool that can be used as a way to facilitate progress with regard to financial management. I still haven't seen a plan. The goal for 2007 is totally unrealistic. It's not credible on its face. In addition, we're doing work for Congress right now with regard to trying to track what happened with the supplemental money.

The Department doesn't have a system to be able to determine with any degree of reliability and specificity how we spent those tens of billions of dollars, I have absolutely no question that they were spent. But trying to figure out what they were spent on is like pulling teeth.

Yes, in the area of supply chain management, progress has been made—in that we have gotten information back from the front where things are getting there quicker than has been the case in the past, and there are a number of positive things. But we also have evidence where there are problems with regard to certain spare parts, and situations where DOD uses transportation modes that are totally uneconomical, where we are sending things via air rather than via ship, and where we're losing visibility over inventory.

Yes, progress has been made in certain regards, but serious problems still remain. Now, don't get me wrong, I have great respect for the individuals to my left and the other people in the Department of Defense. I don't think this is a personal issue or an individual issue. I think it's an institutional problem.

I've run three agencies, including two in the executive branch. I've run a worldwide consulting operation. I've spent a lot of my life doing change—management work. The DOD culture is one of the most difficult cultures that exists on this planet. It is a very hierarchical, very turf-conscious entity. My view is, I believe that it's highly unlikely that the Department will be successful in dealing with these high-risk areas unless you end up addressing the issues that I raised.

In the end, somebody has to be responsible and accountable, and somebody has to be there long enough to be able to increase the likelihood of success.

Senator ENSIGN. Senator Akaka, if you wouldn't mind just allowing the other two witnesses to respond a little bit to what Mr. Walker has said. Also maybe in your comments, if you could address specifics, first of all, about pay. Mr. Henke, we talked about pay with Ms. Jonas last year, and could you address whether you think the pay system has improved, and if not, why not?

But also, Secretary Wynne, if you could address this cultural issue that Mr. Walker has talked about, and what is being done to change the culture at the Pentagon to try to make it more accountable and to try to change some of the management practices.

Mr. WYNNE. It is interesting that the change proposed to change a hierarchical organization is to add a hierarchy.

Mr. WALKER. It's not.

Mr. WYNNE. I'm relatively objective here in the sense that I am a departing, if you will, according to Senator Akaka, who is far more in charge of this than I am, Under Secretary for Acquisition, Technology, and Logistics. I am also the other level two at this present juncture in the Department of Defense. I came from business, which is a requirement of that statute, and I have the business at heart in the Department.

Here's what I have done over this time. Besides, as he has given me, I think, grateful credit and I appreciate the fact that he's looked into it, we are delivering goods to the warfighter a lot quicker. We have actually partnered with the Transportation Command. They are using GTN21, which is an information-based enabling system. We are linked all the way into theater. We've conquered the joint theater logistics problem by creating a Defense Logistics Executive, which I am also the Defense Logistics Executive.

In doing all this, we have reduced the cost of transportation dramatically over the course of the last 7 months by, in fact, inflicting, if you will, knowledge enablement on out to the field for the people who are actually doing the determinations.

In the area of item control, I am requiring now unique identification to be applied to everything we buy, which links, by the way, to the cost of the item and to the age of the item and to the maintenance of the item. This is being applied not just to individuals, which is the Social Security number, but to automotive products, which is the vehicle identification number. But we're going to apply it to helicopter parts, engines, aircraft parts, things that we buy and supply for all of our wheeled vehicles, track vehicles, and ground systems. Then we can really track the management of those items throughout their life cycle.

We're also applying it to real property and government-furnished property. We have put in place a wide-area work flow system that connects using unique identification, and we, sir, now, relative to the Prompt Payment Act, have to wait to pay because we have increased the process flow so quickly that we've reduced errors dramatically.

Senator ENSIGN. In the use of the Radio Frequency Identification (RFID), the bar codes, what percentage of your inventory—whether it's tanks, ships, bullets, whatever you're tracking—of the military is now accurately being tracked?

Mr. WYNNE. I just got permission from the Office of Management and Budget to release the RFID tag below the carton level. I have been applying it on behalf of the combatant commander for the last year and a half, and it's demanded by the combatant commanders to increase the flow of goods. But I still do not have the last mile, which is what I'm going to get after the use of passive radio frequency IDs.

But radio frequency IDs are different from unique identification of each item that I buy, because with the unique identification, I can track it through its life cycle. Radio frequency IDs are tags. In fact, just to talk about the culture a little bit, we had some soldiers actually shoot them off of the container thinking they were a placed bomb. So that culture had to be revitalized so they under-

stood that this was an active tag that stored all the information in the container.

We're expanding this to 43 additional agencies across the government to try to institutionalize radio frequency identification as a use for Customs, as a use for the Coast Guard, as a use for the Postal Service, as a use for each of the items that we buy. The National Aeronautics and Space Administration (NASA) is in on it. We went to the Air Transport Association to get them to change their actual data structure to allow our data structure to become paramount.

I have an International Organization for Standardization (ISO) standard under way. I have 31 countries that are supporting me in putting this in so that when I buy an item, it doesn't matter from where, it will come in with a unique identification hand-stamped on it. Now if they're over \$5,000, they're going to come in with a radio frequency ID.

We process 80 percent of our goods through four Defense Logistics Agency (DLA) warehouses. They are now set up to receive and dispatch radio frequency identified stock. This is 80 percent of our goods that are now going to be required with the release of this regulation, which has been pending for a little while, but I have notified the industries. I have about probably 10 percent of them now, including Dell Computer, believe it or not, that are signed up for passive ID.

I'm partnering with Wal-Mart and I'm partnering with Proctor & Gamble through their new Gillette Division, who are wanting to increase the use of passive radio frequency ID to protect themselves against fakes. Let me tell you something, sir, we have a problem with fakes. We have a problem with gray market. Using the unique identification that we've put in place, we're going to protect ourselves from fakes. There was a huge Business Week article on this that was about 3 weeks old.

Now, all of these things are foundational elements in knowledge enablement. I'm a big proponent of knowledge-enabled warfare, meaning situation awareness. I'm a huge proponent of knowledge-enabled logistics, which means prognostics, and forecasting demand rather than stepping up when you discover that the rocket just went through your plastic device here, and now asking for 10 times the amount. How about forecasting the maintenance on ships so I can have your parts available to you when you get on there? All of these things are in fact being absorbed and addressed by the Services.

Let me talk for just a minute on BMMP, which I have just really in the last 6 months, partnering with Ms. Jonas and Mr. Henke here, got an architecture that I like. That architecture consists of rewriting the standards, which they are going to complete by May, of the standard financial infrastructure system. We are delegating to the Services, which have all bought, by the way, using the money that David described, enterprise resource planning (ERP) systems.

My discovery, which I call sometimes a blinding flash of the obvious, is there is no ERP system that's ever sold commercially that does not have, as its foundation, an accounting system. Because you could not, in a corporation, buy an enterprise resource plan-

ning system if it did not comply with the tax authorities and the Securities and Exchange Commission.

With this blinding flash of the obvious, I realized that if we put out a standard financial information system and force them by audit, which is one of the reasons that my colleague here is asking for relief from that audit process, to just become our financial system, I can literally use Microsoft Excel and add things across. I can, I think, get a breakthrough on our way to transparent financials.

Now let me tell you where we are on that. Of the 59 different entities that are supposed to report, I have actually organized right now 25 that are starting to ask questions about why can't we get audited, we think we can pass. If we pass, then we can pass this to you. I can't audit them right now because I'm restricted.

So here is the way I'm approaching this thing, I'm approaching it the same way a conglomerate approaches new business. When, for example, General Motors either divests or acquires a new corporation, they don't demand that they accept their accounting system structure. They actually just send them out their accounting policies and their standard information and their gap statement that they made the previous year, because within 1 year, they have to pay taxes and they have to state their whole corporation to the Federal Trade Commission (FTC), not leave this division out.

That division then essentially combines their financial statement and aligns it to the corporation's financial statement and passes the data up. Therefore, I call it tiered accountability. I like my management to set policies. I like to set goals for my organization and I like to manage by objectives, and that is the cultural change we're putting into place. The Services are totally embracing it.

Not addressed here, by the way, the relationship between DOD and the Services, but it's one of the most fragile things you can address. I will tell you, we are now partnering across the board to service the warfighter and they are loving it.

Mr. HENKE. Sir, let me, if I may, address the issue of pay. Paying soldiers and our servicemembers the right amount at the right time is the only answer, and I could address this from a personal perspective. I happen to be a reservist. I was mobilized in 2001–2002, before I came to the Department. I know that having a pay problem distracts from your mission. I know that it puts financial burdens on our servicemembers.

I can assure you that getting pay right has the personal attention of the Comptroller, myself, and many of the folks behind me here today supporting me. Last year, GAO reported in detail on the problems that we've had. We've implemented 27 of their 39 recommendations fully. The remaining 12 are system solutions with a forward compatible payroll system that is coming out. But some of the work that we've done has been, in terms of fixing the pay process, in terms of training pay technicians. As one example, before Afghanistan started, we mobilized Reserve and Guard soldiers from two locations in the United States. Now we mobilize them from 26 locations. That caused a huge surge in our ability, a huge challenge in our ability to train pay technicians correctly.

We have since fully trained every mobilization site and certified them to enter pay transactions. We actually developed detailed in-

ternal controls to make sure pay is done right. One of the things we're doing is not systems-dependent, we now electronically receive the flight manifest for all flights coming and going in and out of theater and we enter those transactions in the system up front to prevent problems downstream.

We have reviewed 600,000 pay records in the last year, sir, to find those problems and fix them. We have seen a dramatic decrease in the number of pay complaints that are coming into our customer service offices and from commanders. Senator, I assure you that we've been tenacious and focused on getting pay right because it's the only right answer.

Senator ENSIGN. Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman. I was glad to hear the word training here, and want to get into the human capital area.

Problems in the Department of Defense acquisitions systems account for no fewer than four of the high-risk areas in your latest update. DOD weapons systems acquisition, DOD business systems modernization, DOD contract management, and management of interagency contracting, these four high-risk areas cover virtually everything that the Department of Defense purchases.

I can't help but link the problems in these areas to what has happened to our defense acquisition workforce over the last 15 years. We have cut our acquisition workforce in half over this period. These cuts continued even after the procurement holiday of the early 1990s came to an end and even after the global war on terrorism brought record level of procurement expenditures. They continued even as we took on new procurement challenges with vastly increased purchases of services and information technology.

Moreover, we have made these cuts in a haphazard way, without giving consideration to the recruitment, training, and career building needed to ensure the ongoing vitality of our acquisition organizations. It seems to me that what is really needed is a comprehensive approach to human capital planning, which has been sorely lacking in the management of DOD's civilian workforce.

Mr. Walker, would you agree that the Department of Defense is unlikely to successfully address all of its acquisition problems without making fundamental changes in the way we recruit, train, and manage our acquisition workforce? Can these problems be addressed without comprehensive capital planning?

Mr. WALKER. I'm sure Secretary Wynne would probably have some comments on the acquisition workforce. There are serious challenges with regard to the acquisition workforce. It's not just with regard to the size, but it's also with regard to skills and the percentage of employees eligible for retirement. There are a variety of other issues there.

Second, I do believe that it's important that, as Secretary Rumsfeld has stated on more than one occasion, we need to take a total force approach to conducting our planning with regard to the DOD workforce. The total force approach includes the military, civilian workforce, and contractors, and the lines between these are moving all the time.

As the Secretary has noted, we have a number of people in uniform who are doing things that theoretically civil servants should

be doing. We have people now who are contractors who are doing things that civil servants used to do. So I think it's very important that, while the National Security Personnel System (NSPS) has designed a deal with a critically important need to modernize our human capital policies and practices for the civilian workforce, ultimately we need to look towards taking a more strategic total force planning approach in order to ultimately achieve what needs to be accomplished.

Senator AKAKA. Mr. Wynne, I appreciate the statement that you have made about the acquisition workforce in your prepared testimony. Do you agree with Mr. Walker's views on the need for comprehensive capital planning to ensure that we have the acquisition workforce we need for the future?

Mr. WYNNE. Sir, both Mr. Walker and I absolutely agree that the acquisition workforce is too small and it's overstressed. We have continuously shifted resources to address high-risk problems, but I have been working for the past 4 years to emphasize systems engineering. I was absolutely shocked to find out that we had almost eliminated systems engineering, over the course of the last 2 decades, from program offices and from our major buying commands.

The result of that was we almost eliminated systems engineering from the companies that service our account. We essentially have thrown over this thing, this comprehensive nature of looking at problems holistically. Over the course of these last 3 years, I have been continuously beating the drum that we need to hire back competent systems engineers, both in our industry and in our government circles, to provide competent systems engineering advice to senior leadership in the buying offices and in the command structure.

That having been said, I've actually addressed this by again going "E." I have taken Defense Acquisition University from a functional university into a virtual university. We have actually allowed our contract professionals more time on target by making all the courses at Defense Acquisition University available on the web.

This has actually assisted us as we've gone across and taught Afghanis and Iraqis how to be more competent contract professionals. We actually pipe in courses from the Defense Acquisition University into the theater to provide our people opportunities for that.

Now, there's another area that Mr. Walker did not mention, which I'd like to bring up, and that is out in the field the age of our workforce is not getting younger. Now, I've taken aggressive action at headquarters by essentially opening up, for the last 3 years, opportunities for retirement to all of our workforce in a very aggressive manner, allowing them to move on with their careers so that I could, if you will, hire different talent, hire new talent, and reshape the organization.

One of the results of this is I actually took out about 20 percent of the employees and restored that 20 percent of the employees with about 15 percent, making essentially a 35 percent shift in the organizational structure and content. This is trying to drive more current knowledge of systems and engineering structure into our system.

Senator AKAKA. I have a question for Mr. Wynne and Mr. Henke. GAO has long taken the position that the only way DOD will be able to successfully address its financial management problems is by developing sound business systems linked through an effective business enterprise architecture. DOD endorsed this approach in 2001 and we codified this requirement and established this series of deadlines in law.

DOD has been working on a business enterprise architecture for more than 3 years now with few tangible results. In the last few months, the Department has appointed a new team to manage the effort. The new team, again, promises to produce an effective architecture and transition plan.

Mr. Wynne and Mr. Henke, why do you believe the Department still doesn't have an effective business enterprise architecture 4 years after we were promised one by then-Comptroller Zakheim?

The second part to that question is, why should we believe that the current team will be more successful in developing a business enterprise architecture than the last one? Mr. Wynne?

Mr. WYNNE. I go to Mr. Walker's comment that it takes about 7½ years to really infuse a change, and I look to my own enterprise as I've tried to re-architecture how we buy goods and services using transaction identifiers. That's been 3½ years to put that into place.

It doesn't stagger me that we've been 4 years trying to build a foundation. That having been said, architectures do not have to be complex. They actually should be relatively easy. They should be visionary in policy and set goals for organizations to get to.

You've asked me a good question, which is why do I think this team's going to do better than the last team. The reason is, they have motivated and cooperated with the rest of the organization that was moving smartly to put in enterprise resource planning systems throughout the Department. Now, they all don't have to be the same.

This is the point, this was the blinding flash of the obvious, this was the epiphany that I had at one time, that they do not have to be the same. In fact, when I merge a corporation, they have very disparate accounting systems, sometimes very disparate auditors. But yet, I can congeal their financials within a context of 1 year, and why is that? Because I have a very simple architecture. I have the generally accepted accounting principles, which in our parlance converts to the standard financial information structure, and they adhere to it.

I then audit them both with internal and external auditors to make sure they adhere to my standard financial information structure. I've talked to them. They're willing to do it. They've waited for us to ask. They're hungry for that leadership. Once we give them that leadership and put them in harness, I've always said if you can get an organization as large as the Department of Defense to begin all moving in the same direction, you see that we can have devastating results. I think we're going to have sharply devastating results in trying to conquer the fears, if you will, of transparent financials.

Senator AKAKA. Thank you.

Mr. HENKE. Senator, in terms of our financial management challenges, some of the solutions to auditability will require changes, just fundamental changes to our own processes or our own policies. Some of them will require new systems, and I'll give you an example of that in a minute. Some will require a combination of both of those.

In the area of pay, the fundamental answer is implementing a new system and replacing a 1960s vintage Common Business-Oriented Language (COBOL)-based system that currently processes pay. What the fundamental approach that we're taking to BMMP now is defining those capabilities, those core functions that are essential at the DOD enterprise, defining what those are, having a standard language where we talk to each other in the same way about depreciation or capital assets.

But very fundamentally, we had built the interim transition plan. It was released last week. It's on my desk for review. We're on track to provide the architecture, a federated architecture approach to the committee in September, and we're implementing the legislation that created the Defense Business Systems Management Committee and the Investment Review Boards as required in last year's authorization act.

Senator AKAKA. Thank you. Mr. Walker, do you still believe that the Department of Defense is capable of developing an effective business enterprise architecture, and what do we need to do to get this program on the right track?

Mr. WALKER. I think they can do it, and I think they must do it. First, as I mentioned earlier, I was just briefed within the last week on a new approach for trying to develop the enterprise architecture. I would call it a framework, I wouldn't call it a plan. I believe that the framework has great conceptual merit and I think it's clearly superior to where they were headed before.

Where they were headed before, was a more one-size-fits-all, command-and-control, and way more detailed approach than needed to be the case. As Secretary Wynne mentioned, you need to have an enterprise-wide set of policies and standards that you can apply, recognizing that we're not trying to create one super system here. There will still be many different systems, but they must comply with certain enterprise-wide requirements.

The approach that they're talking about taking now is one that would pull up to the Department-wide level certain particular areas, functional areas, if you will, and the responsibility for them. I think it has a greater chance of success.

I do, however, believe that DOD needs more in-house talent with expertise in this area. I believe that they've relied way too much on contracting out these types of functions without having enough expertise in-house to manage cost, quality, and performance of the contractors. Quite candidly, I think a lot of their several hundred million dollars of expenditures may not generate much of a return on the investment.

However, rather than looking back, I'm looking forward, I think the approach that they're talking about taking now is clearly superior. They clearly need more people within DOD who have expertise to be able to manage cost, quality, and performance in order for this to be successful.

Second, I would respectfully suggest that Secretary Wynne made many good points—but one of the good points that he made was that this is not just an effort involving the Under Secretaries. This is also an effort involving the Service Secretaries and many other players.

That's why I believe that it's important to have somebody at the right level, the level two level, to focus on a more strategic and integrated approach to these business transformation efforts, because the Service Secretaries are level two as well. The fact of the matter is level matters at DOD. It matters more within DOD than about any organization that exists.

I think that you have to keep that in mind, you have to employ a matrixed approach. You have to employ a networked approach. You have to employ a partnership approach, not only involving the Unders, but also involving the Service Secretaries as well as other key parties.

Senator AKAKA. Mr. Chairman, you've been very generous. May I just make a comment here? Secretary Wynne, and I'm glad you mentioned it here earlier, I'm concerned that the way DOD has set up the Office of Corrosion Prevention does not comply with the spirit or intent of the legislation Congress enacted.

I believe the office should report directly to you and not be buried in a bureaucracy. I think we may need to take additional steps in our markup to address this issue. So I just wanted to mention that, and if you have a comment on that, I'd certainly appreciate hearing it.

Mr. WYNNE. Sir, what I've done is I've made it functionally report to me while allowing day-to-day activities to be managed below that, because my span of control is relatively large, especially as I've taken over the responsibilities for the acquisition executive for the Air Force and for the Space assets.

Because I do not have a deputy at this present time, the span of control that I am attempting is relatively large, not quite as large as the proposed level two, but relatively large. I can't imagine the time sink which would be to essentially manage supplementals from the warfighters straight through while I'm attempting to manage such items as corrosion and all of the acquisition and the workforce that is associated with it.

But I have spoken to my colleague here about some things that are a natural fit. It just so happens that I don't think that my managing civilian personnel and my managing the Comptroller effort, especially in the face of these rush-through supplementals and the many meetings that you all would call, to have that person, if you will, testify because they would be the top person reporting to the Secretary.

It would just boggle my mind because my span is relatively enormous, and even taking on the implementation aspects of the BMMP, I actually left my colleague in the Comptroller shop in the right place. They then became the requirements people and they laid the requirements for what we had to satisfy on me, and then I can go and I can now manage a program, set it up, and execute it. In fact, I have the two individuals, one from the Comptroller and one from my shop, that are going to partner to do this. I wanted them to hear both my colleagues, David Walker's comments, and

your comments, because I wanted them to get a sense of mission even above what I pounded into them. I think you have done that. Thank you.

Senator ENSIGN. I would like to just take a couple of minutes to talk about the auditing, the restrictions that Congress has put on DOD. I'd like to hear from Mr. Walker on this as well. It's a large amount of money, a billion dollars over a few years, how that is actually going to help us account for dollars, save us money, account for some of the waste and does that help us improve the systems in the future.

Mr. WYNNE. Please don't release the sluice all at once.

Senator ENSIGN. Right.

Mr. WYNNE. What we need to do is we need pilot programs, and we need a structured approach so that the Services don't get immediately overwhelmed. But as soon as this standard financial information structure is released, I don't want to lay it on the Services. Then I would like to use the auditors essentially as helpers because they know the system and they can help the Services, if you will, match their accounting system to our accounting system. I have a feeling, I have the world's greatest budgeters. I have the world's greatest financial managers. As Mr. Walker says, they can tell you when they spent the money.

I do not have accountants. We are, through Mr. Henke, starting an accounting department, but accounting is different than finance and it is different than budgeting. While I compliment the Department on many years of great budgeting and great financials, in fact, as we do, especially in the Department, we use accounting terms to describe functions that have nothing to do with accounting.

This point I turn over and I need a cultural transition down at the lowest levels of the Department so that people become accountants. The only place I have accountants truly is in Defense Finance and Accounting Service that are actually paying individuals and they know T-accounts pretty well.

Within the budgeting and financial management area, I have a few that know T-accounts, not many. That's kind of one of the structural changes that frankly a pilot program, not an overwhelming bunch, but a pilot program of auditing professionals can really help me get to.

Senator ENSIGN. Just so I get this right, and maybe you can address this also, Mr. Henke, you're saying that because it seems like the auditing that would be going on is a small percentage of what DOD is involved in as far as the number of programs that you would be actually auditing. In the total budget you're not going to get great accounting numbers for the total amount of money that you spend percentage-wise. So are you saying though these programs will then help to get to those total dollars?

Mr. WYNNE. Yes, I basically have 59 financial statements that need to be audited. Those financial statements, when racked up, actually comprise the total entity. I think it's 59.

Mr. HENKE. Yes, sir.

Mr. WYNNE. That comprises the total financial structure of the Department of Defense, surprisingly enough. Three of them are the huge ones, right, which are the Services. Then we get all the way

down to some small ones like the Defense Contracts Management Agency (DCMA) with 10,000 people and it's all people.

That having been said, I can start right now converting the DCMA, because it is all people, and that part of the standard financial information structure is done. It hasn't been released because we've had this all-or-nothing mentality. I don't have to have an all-or-nothing mentality. People are eagerly waiting for leadership, and we're trying to provide it to them.

Now, this is not a criticism, when you shut the sluice gate, and I have that same weapon, by the way, on programs. When I shut the sluice gate, I get a lot more attention than if I were to let it trickle or not. So it's unfortunate that it's a management tool that you kind of have a binary decision on.

In this particular instance, if we could get a modest amount of that money released, I think we could really leverage it well to advance and accelerate our schedule.

Senator ENSIGN. What would that number be?

Mr. HENKE. Sir, let me give you an example of our current status. Right now we have 16 percent of our assets with a clean opinion and 49 percent of our liabilities. We have just defined four focus areas this year to improve that number, and that is the military equipment line on the balance sheet. Army and Air Force fund balance with Treasury, the real property line, and in terms of liabilities we're working hard on environmental liabilities to improve those numbers.

If we are able to audit, get a clean audit on our military equipment line, that alone is 27 percent of our assets. What we are doing there is we are getting baseline valuations for 1,086 military equipment programs. To date, we've completed 661 of those evaluations and we are on track to finish the rest of them this year.

After those four focus areas, we're going to move into fixing our inventory line, and that is \$213 billion on our balance sheet, 18 percent of DOD's assets. Let me give you an example of the challenge, the magnitude of the problem we're dealing with here. The Defense Logistics Agency has 5.2 million different types of items, not items, but different types of items. By comparison, Wal-Mart has approximately 11,000 inventory items and Home Depot about 50,000. Each of those companies has one system.

We in the Department have 60 systems reporting inventory. Only 11 of those are compliant with accounting rules. So where we can make progress through systems, that's the long-term solution. Where we can make progress today with process changes, that's the right answer.

Let me give you one more example, sir. I mentioned the Air Force and Army already assert their fund balance with Treasury line is ready for audit. That alone would audit 12 percent of our assets on the balance sheet.

They're unable to do that because of the restrictions that have been placed on the mid-range financial improvement plan. We hear you. We get the message about Herculean efforts or extraordinary resources, but where we can make progress in those areas, we must make that progress.

Setting aside the systems transition plan, where we can audit today, we need to make those improvements.

Mr. WYNNE. Could I just give you an estimate?

Senator ENSIGN. Sure.

Mr. WYNNE. You asked for an estimate. I used to be a cost estimator, so maybe I can help my colleague. I probably need about \$50 million this year, and I need to come back in September and tell you what I need next year. I don't think I need more than that. If I got more than that, I'd probably have a lot of people standing around.

Mr. WALKER. Mr. Chairman, can I add something?

Senator ENSIGN. Just real briefly, Mr. Walker, because I want to get into one other area.

Mr. WALKER. We haven't looked at the legal issue. However, I'm perplexed as to why this is a problem. I'm also concerned about what the goal is here. An audit is one thing that needs to get done. There's a more important and fundamental thing that needs to get done at the Department of Defense. We need to make sure that we have modern, effective, credible, and integrated financial management information and control systems so we can ensure the economy, efficiency, transparency, and accountability of the Department.

That is number one. They have an ongoing responsibility to do that whether they're audited or not.

Second, I agree that in approaching the improvement to financial management, and ultimately an audit, you should focus on both entities, of which there are many, and line items. You should take a matrixed approach and try to set priorities that way. That's what the plan has to be, I believe.

The last thing that I think has to be clarified is there's been an inference here that the Chief Management Officer (CMO) is supposed to be somehow doing the job of the Under Secretaries. That is clearly not the case in the legislation that I saw. The Comptroller still does the Comptroller's job and all the Under Secretaries still do their respective jobs.

The CMO job is a strategic integrator focused on business transformation initiative, not on day-to-day activities, not on supplementals, or dealing with rust problems associated with particular platforms. That is not what this job is. It would be a waste of time and money to have somebody come in to do that. It's what's not getting done, not what is getting done, that has to be addressed by the CMO.

Senator ENSIGN. Secretary Wynne, I would like to further explore this. You can see the frustration that we have up here because there have been promises and promises and promises, and calling the progress a snail's pace would be generous.

So what I want to address with you is the idea behind giving somebody the authority. Within the Pentagon and all the Services, there's all these stovepipes. Do you have the authority in your current position to deal with all of the stovepipes to make the kind of changes, the cultural changes that was talked about?

Mr. Walker suggested a 7-year term. You've agreed with that 7-year number. Obviously we have people changing in the way that the current system works, they're political appointees. Try to explore with us and debate the merits pro and con of what we have suggested here.

Also you've said that you don't want to add another layer of bureaucracy. You're very familiar with this, that American business has been forced, because of overseas competition, to streamline the bureaucracy. Does anybody have the authority to be able to do that at DOD? What progress has been made at streamlining bureaucracy so that even if a person was put in there, they can eliminate a lot of various layers down below?

Mr. WYNNE. Well, in fact, I've had experience with streamlining, sir, because I've had no deputy for the last 3 years. So my span of control turns out to be all right. Actually, I do, in fact, manage through people. That's just my management method. I believe that managers are supposed to remove barriers from their subordinates to make great strides, and that's what we do.

Now, the problem is that there are things that go on that I don't need to get involved in right away. Now, I will tell you, I immediately partner with the Comptroller when I have a discipline problem in one of my programs, and they hold money for me just on a phone call. I don't need a rationale, I don't need anything.

I partnered with David Chu, who's the Under Secretary of Defense for Personnel and Readiness (P&R), because I was running the acquisition demonstration the NSPS is basically modeled on. So he and I partnered with training teams and it didn't need a hierarchical structure to allow that to happen. It was Department need and understanding the mission.

The essence of a flat organization is communicating the central mission and have everybody in harness pulling together. That's exactly what we're doing today. I would just tell you that as the level two counterpart to the Deputy Secretary, I try very hard not to rain on, and not to place operational constraints on, the Deputy Secretary's ability to, if you will, move money around, to buy up-armored high-mobility multipurpose wheeled vehicles (HMMWV) when he feels like he has to buy them. I work with him very closely to make sure we have the right equipment in the right place.

You've given me, if you will, authority to go spend money relatively quickly through the joint requirements acquisition council. I have one of my people and one of Mr. Henke's people and they move money in a heartbeat. As we've been over here many times, and this committee, and, by the way, the House have been just incredibly cooperative moving money around.

I would like to address one area, and that's joint programs.

Senator ENSIGN. Good.

Mr. WYNNE. Joint programs are a real issue. I've asked the committee for some additional authority to make joint programs available through the Joint Capability Technology Demonstrations (JCTD) process. These are usually brought to me by combatant commanders who have lost their uniform and have taken on a purple suit.

These are uniformly disliked and are usually the first to go in a budget crunch. The reason they are is they just didn't come through the system, and so they are a little bit of "not invented here" and there's not much cross-selling going on between the combatant commanders who think they have an issue and the result and rest of the organization.

I have asked the Secretary to essentially give budget priority to joint programs, because I've felt like if they had budget priority, they would not suffer the same consequences. Every time there's a budget cut, the first thing we do is, I'll cut a joint program, thinking that my partner will make it up. Well, that doesn't happen.

In fact, a departing Air Force Secretary once related to me, he said, "I feel like the name joint really means the other Service won't pay. If we show some desire for the product, they fade like flowers and leave the bill to us."

Well, I say, if I gave it budget priority and I said your budget is safe if this is a joint program, well, straighten me up and hit me with a fish, but by gosh, that would really straighten out the corporation. So I'm for more budget authority in joint area.

Senator ENSIGN. I'm glad you addressed that. It is a concern that the committee has. In meeting with all the different Services, everybody agrees that many things need to be done jointly today. We live in a different military world. Everybody recognizes that, but nobody, like you said, wants to fund it because they feel like it comes out of their pot of money. But if they're forced to fund it, their fair share, I think it'll be much more widely accepted, so I'm glad that you're seeing things the same way.

Mr. Walker, do you want to comment?

Mr. WALKER. Mr. Chairman, Secretary Wynne—

Senator ENSIGN. This will be the last comment. I want to be sensitive to your time and we have other questions we want to submit in writing.

Mr. WALKER. Absolutely, Mr. Chairman. Secretary Wynne mentioned several examples of where he has tried to partner with his colleague in order to get things done, and to his credit, I think that's great and important.

But I would respectfully suggest that the answer to your question is, no, he doesn't have the authority. The problem is not with regard to the individual. It's the institution. It's particularly a problem when you're dealing with the Services, when you're trying to get things done across the entire Department, not just dealing with the domains of the Under Secretaries, but also with regard to the Services.

Second, there's no question we have to de-layer and de-silo DOD. Not much progress has been made on that, quite frankly. I recently, within the last 2 years, had the opportunity to participate in Capstone, which is for new flag officers. During that course I was briefed on a number of the standard operating procedures within the Pentagon.

I found out that to activate and deploy 10 people, 20-plus units had to sign off, approve, not for your information, approve such an action. That is a minor example of the challenges. Yes, we need to de-layer, we need to de-silo. But somebody must be in charge, and they have to be there long enough in order to get the job done. Thank you, Mr. Chairman.

Senator ENSIGN. I want to thank the entire panel. I think it's been a very healthy discussion this morning and we obviously look to continue our partnership with DOD and we all have the same goal here. The warfighter does have to come first, but we also have

to be good stewards of the dollars, those precious dollars that the taxpayers send us.

So thank you, and this hearing is adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN ENSIGN

DEFENSE INTEGRATED MILITARY HUMAN RESOURCES SYSTEM

1. Senator ENSIGN. Mr. Henke, to address the Department's pay problems, the Department is developing the Defense Integrated Military Human Resources System (DIMHRS), an integrated joint military personnel and pay system for all the military services. Committee staff have learned that the DIMHRS program is underfunded in both fiscal years 2005 and 2006. Is the Comptroller still supportive of this program and, if so, what are you doing to ensure adequate resources are dedicated to its success?

Mr. HENKE. Yes, the Under Secretary of Defense (Comptroller) is supportive of the DIMHRS and is identifying resources to address the cost growth that this program has experienced.

TRANSITION PLAN

2. Senator ENSIGN. Secretary Wynne, when does the Department expect to be able to present to Congress a comprehensive, detailed plan that covers current systems, the future state whereby accurate, consistent, and auditable data is produced, and how that transition will be accomplished?

Mr. WYNNE. The Department is still on schedule to deliver a transition plan in September of this year, consistent with the direction of the National Defense Authorization Act for Fiscal Year 2005. The plan will show how we will guide and track the business transformation of DOD by highlighting capabilities needed, identifying known system and non-system solutions, and resourcing the needed solutions. The plan will also provide a description of the iterative and tiered approach we will use to make this transformation manageable.

OFFICE OF THE SECRETARY OF DEFENSE COMPTROLLER ROLES AND RESPONSIBILITIES

3. Senator ENSIGN. Mr. Henke, recently the Department transferred responsibility for its Business Management Modernization Plan (BMMP) from the Office of the Comptroller to the Under Secretary of Defense for Acquisition, Technology, and Logistics. Given the transfer in responsibility for the BMMP from you to the Under Secretary of Defense for Acquisition, Technology, and Logistics, what are your roles and responsibilities in the Department-wide transformation initiative?

Mr. HENKE. The Under Secretary of Defense (Comptroller) is providing joint leadership of the BMMP and is a member of the Defense Business Systems Management Committee (DBSMC). Additionally, all enterprise business transformation priority programs and initiatives related to financial visibility are being led by the Office of the Under Secretary of Defense (Comptroller). The Comptroller is also the signing official on behalf of the DBSMC for all business systems investments in excess of \$1 million as reviewed and approved through the new Investment Review Board process.

4. Senator ENSIGN. Mr. Henke, do you have any recommendations that Congress may consider acting upon to ensure that the progress made in the BMMP endures?

Mr. HENKE. Section 332 of the National Defense Authorization Act for Fiscal Year 2005 has provided BMMP with significant senior leadership involvement. These actions, combined with your continued support of our funding requests included within the President's budget request for fiscal year 2006, will ensure that BMMP continues to make measurable progress in transforming the Department's business systems and processes.

LOGISTICS MODERNIZATION PROGRAM

5. Senator ENSIGN. Mr. Wynne, the committee understands there are problems with the Army's Communications Electronic Command Logistics Modernization Program (LMP). Is this program meeting its stated goals and has the Army established

a set of requirements for the LMP? Also, please provide the schedule for full implementation of the Logistics Modernization Program.

Mr. WYNNE. The Army's goals and objectives for the Logistics Modernization Program (LMP) are being met. The overall requirement has been, and still is, to enable transformation of Army logistics by replacing antiquated legacy systems and processes with commercial software solutions and best business processes. Below this level, specific business processes and metrics guide LMP.

LMP has replaced the Commodity Command Standard System (CCSS) and the Standard Depot System (SDS) at one of Army Materiel Command's (AMC) Major Subordinate Commands and will continue to build on that implementation throughout the rest of the AMC and the Army. We anticipate that this will take place over the next 2 fiscal years (2006 and 2007). LMP is the cornerstone to the Army's logistics transformation effort and is a key enabler to achieving a single Army/DOD logistics enterprise capability.

The Army is already seeing some significant advantages over the legacy environment.

- LMP is using state-of-the-art commercial technology to replace Army unique legacy systems that have been in place for 30 years, reducing the risk of unanticipated failures, limitations of batch processing, and non-integrated databases.
- The Army has transformed to an architecture and infrastructure that is fully DOD Information Technology Security Certification and Accreditation Process compliant, reducing the risk of security intrusions/compromises.
- There is now a single source of logistics and financial data vs. the disparate and previously stovepiped legacy applications, reducing reconciliations and providing a common view of information.
- Service availability is over 99 percent and operating 24 hours 7 days a week with full disaster recovery, versus the limitations of the legacy systems.
- LMP uses web-based, open, and scalable architecture and is therefore positioned for Net Centric computing, which could not be achieved in legacy system architecture.

The Army, like others in the private sector, has encountered implementation challenges.

LMP is one of the largest, complex ERPs and these challenges are not unexpected. Over the last 18 months the Army has made great progress in resolving the primary problems working to complete the resolution of remaining issues in order to expand implement of LMP.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

PENTAGON AUDITS

6. Senator BYRD. Mr. Henke, the previous Comptroller for the Department of Defense, Dov Zakheim, told congressional committees on a number of occasions that he expected the Department to be able to pass an audit by 2007. Does the Secretary of Defense still expect to receive a clean audit opinion for the Department in 2007?

Mr. HENKE. We continue to evaluate our progress to date and the likelihood of DOD-wide success in achieving the fiscal year 2007 goal. Our evaluation efforts are focusing not only on the likelihood that we can achieve an unqualified opinion in fiscal year 2007, but also the cost and sustainability of achieving that opinion. Should we conclude that the goal requires extraordinary and costly measures that do not result in a sustainable audit capability, we will then revise the goal appropriately. While we evaluate this goal, we are focusing efforts on improving controls and the fundamental processes critical to obtaining reliable financial information.

REPORTING ON WAR COSTS

7. Senator BYRD. Mr. Henke, in the October 2003 supplemental for the war in Iraq, Congress required that the Department of Defense produce semiannual reports that include, among other elements, a detailed breakdown of costs of the wars in Iraq and Afghanistan. This exact same reporting requirement was included again in the Fiscal Year 2005 Defense Appropriations Act. As Ranking Member of the Appropriations Committee, I have been told that the Department has only submitted one of these reports, which are required by law. Even when the Department of Defense reports on other appropriations matters—such as the quarterly reports on the Iraq Freedom Fund—these reports often lack sufficient detail for the Appropriations

Committee's oversight responsibilities. I know that until recently, you served as a staff member of the Senate Appropriations Committee, so I hope you can appreciate the seriousness of this matter. Where are the semiannual reports that Congress first required in the October 2003 supplemental appropriations bill?

Mr. HENKE. Section 1120 of the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106) and Section 9010 of the Department of Defense Appropriations Act, 2005 (P.L. 108-287) directed the Secretary of Defense to submit a report on the military operations of the Armed Forces and the reconstruction activities of the Department in Iraq and Afghanistan. The first of these reports was forwarded to Congress on March 15, 2005. The April 30, 2005 report is now being finalized and will be forwarded to Congress shortly.

8. Senator BYRD. Mr. Henke, when the Department submits its next report on the cost of the wars in Iraq and Afghanistan, will you make a point to distinguish between the funds spent for the war in Iraq, on one hand, and the funds spent for the war in Afghanistan, on the other?

Mr. HENKE. Yes. The report that the Department provides to Congress in accordance with Section 1120 of the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106) and Section 9010 of the Department of Defense Appropriations Act, 2005 (P.L. 108-287) reports obligations by operation (Operation Iraqi Freedom (OIF); Operation Enduring Freedom (OEF) and Operation Noble Eagle (ONE)). Obligations in support of operations in Iraq are listed under OIF. Obligations reported under OEF are primarily in support of operations in Afghanistan, but also include obligations in support of OEF operations in the Horn of Africa and in other locations.

9. Senator BYRD. Mr. Henke, what specific steps are you taking to include greater detail in the reports that the Department is required to submit to the Appropriations Committee?

Mr. HENKE. We believe that the Department's cost reporting system provides sufficient financial execution information for decisionmaking purposes. The Department has been working closely and cooperatively with the Government Accountability Office to resolve specific questions about some of the details in these reports. If any committee has questions about a DOD report to Congress or requires additional detail, the Department will be responsive to these requests.

FAULTY ACCOUNTING ENTRIES

10. Senator BYRD. Mr. Henke, when I raised the issue of accounting problems with Secretary Rumsfeld at his confirmation hearing, the Department of Defense Inspector General had reported that the Department could not justify \$2.3 trillion in accounting entries. That is a staggering sum for a government agency that had a budget of "only" \$300 billion at that time. Now, total spending for the Pentagon is quickly approaching half a trillion dollars each year, once the costs of the wars in Iraq and Afghanistan are included. What is the status of efforts to eliminate the problem of trillions of dollars in faulty accounting entries and is the Defense Department still tracking these figures, and if so, where do they stand right now?

Mr. HENKE. The Department has reduced the \$2.3 trillion in unsupported accounting entries identified by auditors in fiscal year 1999 by 93 percent to \$172 billion as of December 31, 2004. The auditors have not yet validated the December 31, 2004 amount. The Department accomplished this reduction through increased management oversight, implementing new policies and procedures, and developing metrics to monitor the Department's progress to reduce unsupported accounting entries. We are continuing to develop new processes and systems that provide adequate audit trails and supporting documentation for our accounting entries.

GOVERNMENT ISSUED CREDIT CARDS

11. Senator BYRD. Mr. Henke, in past years, the Department of Defense has had a serious problem with the abuse of government issued credit cards. As the Government Accountability Office reported, some Department of Defense employees severely abused these cards, bypassing contracting regulations to rack up large bills for wasteful purchases. What's more, some of these credit cards were improperly used for personal purchases, like buying televisions or family vacations. As a result of this abuse, I included legislation in several Defense Appropriations Acts to require the Department of Defense to conduct credit checks on Pentagon employees

before they can be issued a government-backed credit card. This requirement was later codified into permanent law. Is the Pentagon now conducting a credit check on any employee before giving him or her a government-backed charge card and what can you report about efforts to clean up the government charge card program?

Mr. HENKE. The Department conducts credit checks before issuing government credit cards to military personnel. However, current statute prohibits credit checks on civilian personnel without their consent. The Department is in the process of implementing an alternative process to comply with these statutes and also identify cardholders who pose a financial risk due to questionable histories in their personal financial affairs. Our past practice was and continues to be that individuals who decline a credit check may only receive a restricted card.

Since the Government Accountability Office issued their reports on the purchase card and travel card programs, we have implemented the recommendations of the GAO, the DOD Inspector General, and a DOD Charge Card Task Force. Specific actions include:

- Implemented mandatory salary offset and mandatory split disbursement for the travel card.
- Developed and published an overall DOD Charge Card Guidebook.
- Implemented mandatory web based training for all purchase cardholders and billing officials.
- Reviewed and reduced card limits, cardholder to approving official ratios and closed accounts that were not being used.
- Published recommended guidelines for disciplinary actions for both military and civilian personnel who misuse a charge card.
- Vigorously pursued the prosecution of officials criminally accountable for purchase card fraud.

We believe that the management oversight and controls put into place have brought about significant improvement in the charge card programs. For example, in March 2005, our delinquency rate for individually billed travel cards dropped below 4 percent, which is below the rate generally reported for consumer credit cards.

NATIONAL GUARD PAY PROBLEMS

12. Senator BYRD. Mr. Henke, in January of this year, members of the 201st Field Artillery Battalion of the West Virginia National Guard contacted me from Iraq with a serious pay problem. Last year, the Government Accountability Office reported that members of the 19th Special Forces Group of the West Virginia National Guard came under enemy fire during a trip from Afghanistan to Qatar to fix the rampant pay problems in that unit. I understand that the accounting system used to process pay for reservists in other military services does not have the same problems as those for the National Guard. Why do these problems persist with the National Guard, and when will they be fixed?

Mr. HENKE. The Department of Defense takes all pay problems seriously and is working hard to correct all the root causes of incorrect pay. Many of the pay problems with the Army National Guard are human error problems that were exacerbated by the large number of soldiers mobilized for the global war on terror. The Defense Finance and Accounting Service has partnered with the Army and the National Guard to develop and implement a 65-item corrective action plan to address pay problems of mobilized soldiers. The action plan includes a modern system to consolidate Active, Guard, and Reserve pay systems into one system.

13. Senator BYRD. Mr. Henke, why can't the Department of Defense get rid of the accounting systems that don't work for the National Guard, and simply adopt the computer systems that pay other troops fairly and accurately?

Mr. HENKE. Many of the pay problems with the Army National Guard are human error problems that were exacerbated by the large number of soldiers mobilized for the global war on terror. The Defense Finance and Accounting Service, the Army, and the National Guard have partnered to resolve over 65 action items to improve the pay of mobilized soldiers. The action plan includes a modern system to consolidate Active and Reserve pay systems into one system.

[Whereupon, at 11:36 a.m., the subcommittee adjourned.]

**DEPARTMENT OF DEFENSE AUTHORIZATION
FOR APPROPRIATIONS FOR FISCAL YEAR
2006**

WEDNESDAY, APRIL 20, 2005

U.S. SENATE,
SUBCOMMITTEE ON READINESS
AND MANAGEMENT SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

**THE READINESS OF MILITARY UNITS DEPLOYED IN
SUPPORT OF OPERATION IRAQI FREEDOM AND OPER-
ATION ENDURING FREEDOM**

The subcommittee met, pursuant to notice, at 2:11 p.m. in room SR-222, Russell Senate Office Building, Senator John Ensign (chairman of the subcommittee) presiding.

Committee members present: Senators Ensign, Inhofe, Cornyn, Akaka, Bill Nelson, and Clinton.

Committee staff member present: Judith A. Ansley, staff director.

Majority staff members present: Ambrose R. Hock, professional staff member; Gregory T. Kiley, professional staff member; Elaine A. McCusker, professional staff member; and Joseph T. Sixeas, professional staff member.

Minority staff members present: Evelyn N. Farkas, professional staff member; Peter K. Levine, minority counsel; and Michael J. McCord, professional staff member.

Staff assistants present: Andrew W. Florell and Benjamin L. Rubin.

Committee members' assistants present: Arch Galloway II, assistant to Senator Sessions; D'Arcy Grisier and Alexis Bayer, assistants to Senator Ensign; Russell J. Thomasson, assistant to Senator Cornyn; Bob Taylor and Matt Zabel, assistants to Senator Thune; Darcie Tokioka, assistant to Senator Akaka; William K. Sutey, assistant to Senator Bill Nelson; and Andrew Shapiro, assistant to Senator Clinton.

OPENING STATEMENT OF SENATOR JOHN ENSIGN, CHAIRMAN

Senator ENSIGN. Good afternoon, everyone. Welcome. The Subcommittee on Readiness and Management Support meets today to conduct our third hearing in review of defense authorization requests for fiscal year 2006. Today, our focus is on the readiness of military units deployed in support of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF).

Before we begin, I would like to take a moment to thank the subcommittee's ranking member, Senator Akaka, who I just saw on the floor—and I know he's on his way back over—for all of his support—as well as his staff's support during the hearings this year. This is the final hearing of the Readiness and Management Support Subcommittee before we mark up the defense authorization bill for the coming year. I believe that our meetings this session have been particularly informative, and I credit the experience and wisdom of Senator Akaka in making these meetings so productive.

Over the last year, we have witnessed remarkable changes in Iraq and Afghanistan. Last June, national sovereignty was fully restored to all of the people of Iraq. Seven months later, over 8 million Iraqi citizens participated in fully democratic elections. Last October, the men and women of Afghanistan eagerly participated in national presidential elections. These important historical milestones confirm President Bush's belief that people around the world, when given the chance, will choose liberty and democracy over enslavement and tyranny. We recognize that absolutely essential to sustaining these two beacons of freedoms and democracy is the selfless dedication and commitment of the American soldier, sailor, airman, and marine. Twenty-four hours a day, 7 days a week, they are there providing security, helping to rebuild schools and hospitals, and simply offering a helping hand.

Today, we are interested in learning more about the readiness of the men and women serving in Operation Iraqi Freedom and Operation Enduring Freedom. Specifically, we will focus on two key areas: the training and equipping of military units for deployment to the Central Command region and the sustainment of those units during deployment.

We are very privileged to have appearing before the subcommittee military leaders who are each experienced veterans of deployments to the Central Command region. All are exceptionally qualified officers, who know from firsthand experience the challenges of preparing and sustaining deployed forces. Each has traveled from their respective bases from around the country to be with us here today, and we look very much forward to hearing their observations and opinions.

Joining in the subcommittee today are: from Fort Hood, Texas, Lieutenant General Thomas F. Metz, United States Army, Commanding General, III Corps and Fort Hood; from Camp Pendleton, California, Lieutenant General John F. Sattler, United States Marine Corps, Commanding General, 1st Marine Expeditionary Force; splitting his time between Shaw Air Force Base, South Carolina, and air bases throughout the Central Command region, Lieutenant General Walter E. Buchanan III, United States Air Force, Commander, 9th Air Force and U.S. Central Command Air Forces; from Fort Drum, New York, Major General Lloyd J. Austin III, United States Army, Commanding General, 10th Mountain Division and Fort Drum; and, from Mayport, Florida, Rear Admiral Barry McCullough, United States Navy, Commander, Carrier Strike Group Six, the U.S.S. *John F. Kennedy* Carrier Strike Group.

Gentlemen, each of you, and the men and women that you lead, are patriots, and I'm very honored to be able to meet with you here today, and thank you.

As soon as Senator Akaka gets here, we will defer to him for an opening statement. Senator Cornyn, do you have an opening statement?

Senator CORNYN. I'd be glad to just go to the witnesses, Mr. Chairman. Thank you. Thanks, as always, for being here.

Senator ENSIGN. Before proceeding, I want to note that we will only be discussing topics today at an unclassified level. There is much that can be discussed in an open setting, and I believe that it's important that we do so. I would ask each of the witnesses exercise appropriate discretion in their responses.

Without objection, your full prepared statements will be made part of the record. So keep your comments as pertinent and sum them up so that Senators may be able to absorb them.

General Metz, the Army leads.

**STATEMENT OF LTG THOMAS F. METZ, USA, COMMANDING
GENERAL, III CORPS AND FORT HOOD**

General METZ. Mr. Chairman, Senator Cornyn, thank you for this opportunity to appear before you today. I hope my perspective as a joint warfighter in OIF and Commander of the Multinational Corps Iraq, and currently the Commander of the III Corps and Fort Hood, Texas, will be useful to you.

Sixty-five percent of the III Corps deployed to OIF I. I took the headquarters and 35 percent to OIF II. Today, in OIF III, I have two brigade combat teams and several combat support and combat service support units that are there for the second time.

I've been back from Iraq for 2 months, during which time I focused on the preparation of the 4th Infantry Division to return in the fall, and the reset of the 1st Cavalry Division, who just returned 3 weeks ago.

I report to you, sir, that our training strategy works, and it continues to improve, based on the lessons learned that are shipped back from Iraq to home station. The quality and quantity of our equipment is superb, and the soldiers have confidence in it. A coalition corps of 165,000 soldiers, marines, sailors, and airmen requires a massive logistics effort. The high tempo places heavy burdens on equipment and people, and our wonderful maintenance, quartermaster, transportation, ordnance, medical soldiers are up to the challenge. Our personnel systems were good, and ever-improving, especially with respect to the Reserve and National Guard replacements. Reset and reconstitution of returning units are resource and manpower intensive, and challenges are tackled daily.

Leading soldiers, marines, sailors, and airmen for 13 months in Iraq confirmed for me that they are men and women of character who are confident in their buddies, equipment, training, and leaders. These young Americans are dedicated, skilled, and courageous. Nevertheless, some did not return, because they were determined to do their duty and paid the ultimate sacrifice. I am humbled to have been their commander, and proud that we were able to advance the cause of freedom for the people of Iraq, and to make free nations more secure.

Sir, I look forward to your questions.

[The prepared statement of General Metz follows:]

PREPARED STATEMENT BY LTG THOMAS METZ, USA

Mr. Chairman, distinguished members of the subcommittee, thank you for this opportunity to appear before you. I am pleased to report to you today on the readiness of the military units I was privileged to command in support of Operation Iraqi Freedom (OIF), and give you my thoughts on the future readiness challenges I will have as the III (U.S.) Corps Commander.

I come before you today as the former commander of Multi-National Corps-Iraq (MNC-I) and the current commander of III Corps and Fort Hood. I hope my perspective as a joint warfighter in theater, where I fought and allocated the resources given us by the Department will be useful to you. Additionally, as commander of III Corps and Fort Hood, it is now my job to train, equip, and deploy the next set of forces General Casey and other joint commanders will employ on the battlefield. Let me first say a little about the III Corps.

Over the past year, III Corps has deployed or redeployed nearly every one of its 75,000 soldiers and 24,000 combat vehicles and aircraft to OIF from Fort Hood, Fort Carson, Fort Riley, Fort Sill, and Fort Bliss. These forces represent over 35 percent of all the United States Army active component ground combat power. We have just returned home one of the deployed III Corps major subordinate commands, one I am very proud of—the 1st Cavalry Division—whose soldiers secured Baghdad and provided much needed armor, mechanized infantry, attack aviation, and artillery for the major battles in Najaf and Fallujah. Their protection of the Interim Iraqi Government leadership and security in the greater Baghdad area set the conditions for the Iraqis to hold their first free elections in over 40 years. The other major units of the Corps, which have all participated in the global war on terror over the past year, are as follows:

1. The 4th Infantry Division, which operated in the Sunni Triangle and captured Iraqi Dictator Saddam Hussein in OIF I, is now resetting in preparation for deployment to OIF IV this fall.

2. The 3rd Armored Cavalry Regiment, which occupied Al Anbar province along the Syrian border, returned and reset in 2004, and has just redeployed to southern Baghdad for OIF III.

3. III Corps has two separate heavy brigades, 1st Brigade, 1st Infantry Division and 3rd Brigade, 1st Armored Division, that are stationed at Fort Riley, Kansas. Both deployed to Iraq during OIF I, and one of them, the 3rd Brigade, 1st Armored Division, has also reset and redeployed to Iraq for OIF III.

4. Elements of III Corps Artillery, 13th Corps Support Command (COSCOM) and the Corps Separate Combat Support Brigades (Intelligence, Signal and Military Police) have all deployed in support of OIF I, II, and III—some for a second or even a third time—and are currently resetting their units.

As the Commander of MNC-I, I experienced first hand the wide ranging demands placed on each of my units and saw how these superb young soldiers, marines, airmen, and sailors met every challenge. The units I commanded were superbly led, ready for the relentless demands of combat, and were as trained and ready as any unit in this nation's history. I would like to briefly discuss several key components of that readiness that were critical to the MNC-I's success during OIF II—training, equipping, maintenance and logistics, and personnel and family support.

TRAINING

The Army's training strategy produced soldiers, leaders, and units that were well prepared for the intense demands of counter-insurgency operations in Iraq. Our training strategy relies on a building block approach that first emphasizes sound application of basic skills, and then increases the complexity of the tasks and demands of the environment. Everything begins with the individual soldier, who must be ready to fight anytime, anywhere. No rear area exists in Iraq, only frontlines, and every soldier knows it. They have to be ready from the moment they cross the berm into Iraq, and they were.

The training strategy we use reinforces individual soldier skills which are then combined to build well-trained crews and small units. Units work up to company and battalion-level training through maneuvers at their home station and the use of computer simulations, training a broad range of missions that support its war-time mission essential tasks. The tasks performed during OIF were generally a subset of these. After a unit was alerted for deployment, we refined its training to focus in on critical theater tasks. In some cases, we trained units for roles outside their normal specialty by leveraging the base of fundamental soldier skills common to all branches. For example, during OIF II, we employed field artillery units in lieu of military police (MP) for convoy security and external guard at detention facilities.

The capstone exercises for deploying units were conducted in the most realistic environments we could create at the Combat Training Centers at Fort Irwin; Fort Polk; and Hohenfels, Germany. The Division and Corps staffs were exercised through simulation-driven command post exercises, which Joint Forces Command and the Army's Battle Command Training Program monitored and mentored. Our training strategy works. Leaders, soldiers, and units were well-prepared for the rigors of combat in Iraq.

I am especially proud of is the way our home station training is continually adapted to the evolving tactical situation in theater. Operational assessments and intelligence reports feed directly back into the way we train. Multinational Corps Iraq and Army organizations like the Improvised Explosive Device (IED) Task Force continuously assess operations to detect changing trends in enemy weapons and tactics. This information is shared with the headquarters responsible for training and validating both Active (AC) and Reserve Component (RC) units. The IED Task Force, for example, adapts the training it provides to deploying units based upon changes in the way the enemy employs IEDs in Iraq. Further, units preparing to deploy remain digitally linked to the unit they will relieve in order to maintain situational awareness of their future mission and area of operations. Members of division and corps staffs who are serving in Iraq participate in the Mission Rehearsal Exercise of the units that will replace them in order to make this training as realistic and current as possible. Consequently, these staffs are completely ready to assume the duties of their predecessors, and we can transition in as little as 5 to 10 days. This feedback loop between ongoing operations in Iraq and the conduct of training at home station has allowed deploying units to rapidly assimilate the lessons learned by the units in the fight.

I should note, however, that training does not stop when a unit deploys. Once in Kuwait, soldiers receive theater-specific training on ranges run by Third Army, culminating in a very realistic convoy live-fire exercise. This training reinforces individual, crew, small-unit, and leader training before deployment. By the time soldiers cross into Iraq, they are confident in themselves, their leaders, and their equipment. They are well-prepared for the challenges they will face in combat.

The procedures for mobilizing, training, and validating Reserve component units are also working well. During our deployment we found the greatest success came from linking an RC unit's training to its AC counterparts. The 39th Enhanced Separate Brigade (ESB) from Arkansas trained at Fort Hood with the 1st Cavalry Division, to which it was attached in Baghdad. This allowed the 39th to train as it would fight and they became an integral part of the 1st Cavalry Division's Task Force Baghdad. Since Reserve soldiers have limited time to mobilize, train, and deploy, we must identify their specific role and task organization as early as possible to use their available training time wisely.

I am convinced our training strategy enhanced our combat power and survivability in combat. Operations in Najaf, Samarra, Fallujah, and Mosul are good examples. We operated in the most challenging terrain any soldier faces—cities, where insurgents have the significant advantage in knowing the terrain. Historically, urban operations can take a heavy toll in casualties. However, our units took comparatively few casualties while involved in fierce urban combat. Our soldiers fought side-by-side with marines and airmen, employing a wide variety of joint firepower. Yet, even as we conducted some of our fiercest engagements, our warriors followed strict rules of engagement to minimize civilian casualties and collateral damage. Our precise and disciplined use of firepower, especially air power, allowed us to destroy insurgents while avoiding damage to important religious and cultural sites, such as the Imam Ali Mosque in Najaf, and minimizing non-combatant deaths—a true mark of our warriors' discipline and professionalism.

Our training also made our units flexible and thus able to adapt to missions beyond their normal specialization. Field artillerymen, infantrymen, and tank crewmen served in roles normally performed by military police. Logisticians became infantrymen as they engaged insurgents during convoys. Some units had to rapidly deploy out of their sector in response to a spike in violence elsewhere. They had to quickly adapt to operations under different Army or Marine headquarters, often in close coordination with coalition partners, and no loss of momentum.

No matter how large the operation—and the fight for Fallujah, for example, was a massive operation—success starts with the skill, courage, and discipline of the individual soldier or marine and their leaders stepping into harm's way. The Marines state it as, "Every marine a rifleman." The Army states it as, "Every soldier a warrior." The principle is the same. The emphasis on basic combat skills was fundamental to our success. Whether a cook, an engineer, a helicopter crew chief, or a mechanic, first every soldier is a warrior and every marine is a rifleman. Everyone is on the front line—no safe rear areas exist. I expect future wars, whether conven-

tional or unconventional, will have this characteristic. Out training does and must always reflect this reality.

Finally, I gained a renewed appreciation for the training and education system that produces our young battalion and brigade commanders. I watched them act with decisiveness, confidence, and skill in the most demanding circumstances. These leaders do not come about by accident; they have spent years being trained and educated through our professional education and development system, have numerous training and operational deployments under their belts, and have been mentored by the Army's best leaders. It takes a substantial investment to grow one of these young leaders, but it is worth every bit of effort we put into it. When you combine that degree of leader preparation with the high-quality soldiers and equipment—we have well-trained, equipped, and disciplined units capable of almost anything.

EQUIPPING

The success of our soldiers was also testimony to the high quality of our equipment. Today, I will focus my comments on our individual equipment and our vehicles.

When III Corps deployed to Iraq in January 2004, almost every soldier deployed with Individual Body Armor (IBA). We identified some spot shortages of Small Arms Protective Insert (SAPI) plates, and some soldiers did deploy without complete IBA. These shortages, however, were rapidly filled, and within a few months every soldier had IBA and SAPI plates. This exemplifies how the Army quickly reacted to theater operational assessments and provided our soldiers with the best equipment.

Similarly, through the Rapid Fielding Initiative, we issued ballistic eye glasses and improved helmets, Camelback hydration systems, moisture wicking t-shirts and socks, and better boots to every soldier. This program allowed commanders to set policies mandating wear of this protective gear whenever soldiers left their forward operating bases (FOBs) and helped our soldiers perform in a high-threat environment and 125 degree temperatures. Other critical equipment, including optical sights for weapons and fiber optic viewers, enhanced force protection by allowing our soldiers to observe the enemy from distant and protected positions.

One of the key initiatives that contributed immensely to our force protection was the ongoing effort to harden our wheeled vehicle fleet. I want to extend my thanks to this subcommittee for the support they have given the Army in this effort. While the enemy did intensify his attacks on us using IEDs or roadside bombs, we reacted to this threat. As the enemy situation changed, the Army responded first with additional appliqué armor plating kits for high mobility multipurpose wheeled vehicles (HMMWVs) and cargo trucks, known as Level II armor, and eventually with a steady supply of up-armored HMMWVs (UAH). In January 2004, less than 10 percent of light wheeled vehicles in Iraq were hardened with Army-procured appliqué armor kits. Where we experienced shortfalls, units worked to apply locally fabricated armor plates, also known as Level III armor. By August 2004, MNC-I was receiving approximately 20–30 UAHs every week, and by the end of our deployment, over 90 percent of our HMMWVs were armored. The combination of additional fielding of UAHs, appliqué armor—both Level II and Level III—and the vehicles that remained in theater as part of the Stay Behind Equipment (SBE) policy, we were able to achieve our goal by mid-February 2005 of every vehicle leaving a forward operating base having armor protection. From my perspective, the energy and resources expended to harden the fleet resulted directly in saved lives. I think it speaks well of Congress, the Department, and our civilian and military leadership that everyone has worked tirelessly to save lives of our young men and women. As a commander, I am grateful.

Our efforts to harden the fleet must continue as more up-armored HMMWVs and appliqué armor kits are required. The hardened vehicles, often with their weapons and communications systems, must stay behind in theater for the next unit. This in turn means the equipment is no longer available to the unit when they return to home station and resume training. Thus soldiers, especially from the RC, may lack some critical equipment needed for home station training in preparation for their next deployment. I am confident in our ability to continue to address this concern, but it is a fact of life we have to be aware of.

I would also like to say a word about our armored force. I found I needed tanks, infantry fighting vehicles, and helicopters in all major engagements and that these systems played an important role on every battlefield, especially cities. Our division commanders called for more armor soon after we arrived, especially when the enemy situation changed in April 2004. These assets were quickly dispatched from Germany and Fort Hood. The quality of our combat systems—their firepower, protection, and situational awareness they provide through digital command and control

systems—is unmatched. New equipment for the Abrams, including better protection of the tracks, the crew-served machine guns, and the engine compartment, will make the tank even more survivable in urban combat. New anti-personnel rounds for its main gun will make it more lethal against infantry at the short ranges common to urban operations. These improvements, further installation of digitization, and a field telephone for coordination with dismounted riflemen will make our infantry-armor team more deadly and survivable in cities.

We are now in the second iteration of the Stryker brigade Combat Team in Iraq, and their performance has been superb. Based upon my experience in Iraq, the operational mobility, survivability, and flexibility of the Stryker is simply beyond dispute. This vehicle repeatedly proved its worth, and the Stryker brigade was one of my most effective and responsive units. On several occasions they were able to self-deploy several hundred miles across Iraq in response to a sudden outbreak of violence in another sector. Using their digital command and control suite, they were able to go directly from the march into the fight with superb situational awareness and control. Once in the fight, their unique combination of capabilities—a high degree of situational awareness, well-trained infantry, tactical mobility, and remarkable survivability—made them more than a match for anything the enemy could throw at them.

Finally, I would like to mention our digital command and control systems. The ability to see ourselves—in real time, without manual input, across the battlefield proved to be absolutely invaluable. It allowed us to quickly clear fires, make coordination, and synchronize the fight often with little or no radio discussion. This situational awareness means faster, more accurate and safer application of our immense firepower as we destroy the enemy.

Now that I am back at Fort Hood, I recognize that resetting and reconstituting our units that deployed to OIF I is a resource and labor intensive program. The trends we have seen with III Corps equipment returning from OIF I indicate the equipment has been subject to intensive use during the deployment. After a 1-year deployment in OIF I, wheeled fleets returned with an average of 5 to 6 years of operational miles on them and the track fleet averaged 4 to 5 years. Initial assessments from the 1st Cavalry Division indicate that they have exceeded even this tempo of operations (OPTEMPO) and have operated some of their combat systems up to the equivalent of 10 to 15 years. These trends are evidenced by the significant number of man-hours required to reconstitute redeploying equipment, which far exceed a unit's available man-hours to repair equipment themselves within our 180 day timeline goal. Our Army invested \$435.4 million in parts and contracted service providers at Fort Hood alone since fiscal year 2003 for units that have deployed to Southwest Asia. With an even higher OPTEMPO for units who just redeployed from OIF II, our current estimate for remaining reconstitution costs for OIF II units is at least \$292 million. We will continue to capture lessons learned and serve as good stewards of our resources to ensure our units are adequately reconstituted, trained, and equipped to meet our Nation's future requirements.

IN-THEATER MAINTENANCE AND LOGISTICS SUPPORT

The U.S. logistics operation in Iraq was one of the most complex and challenging missions in our history. Our combat logisticians proved successful in supporting a force of approximately 165,000 coalition soldiers, airmen, marines, and civilians serving in a country the size of California. On a daily basis, logisticians distributed an average of 1.2 million gallons of fuel, 55,000 cases of bottled water, 13,000 cases of Meals Ready to Eat, 60 short tons of ammo, and 200 pallets of repair parts. As a commander, I was pleased and proud of the monumental logistics operations and accomplishments during our deployment.

Early in the tour, the April 2004 uprising and interdiction of our supply lines from Kuwait served as a significant milestone and influenced the future approach of logistics support in theater. We adjusted and improved logistics operations by shifting from a centralized distribution system to decentralized regional hubs increasing the system's flexibility and redundancy. This modification also helped us better assess civilian convoy routes on the battlefield and avoid risk when possible through the highest threat areas. Nevertheless, every convoy, whether a recovery mission or a mail delivery, must be executed as a combat mission and logisticians must have the training, confidence, and weapons skills to conduct supply missions in this high-threat environment.

I want to highlight the Air Force's contribution to the safety and success of our resupply efforts. Not only did the Air Force play a major role in our logistics command and control and overhead security along major supply routes, their support for the establishment of additional strategic air hubs in Iraq, and for more frequent

flights, helped keep approximately 40 additional trucks off the road per day. This meant at least 80 soldiers every day were kept out of harm's way. This endeavor also streamlined deliveries from the U.S. directly to remote locations like Quayyarah-West and Al Taqaddum for critical repair parts and essential non-bulk items. I appreciated the support for these initiatives to minimize risk to soldiers whenever possible.

Daily patrol missions and intense battles continued to generate massive logistics requirements during the deployment. Collectively, logistics providers from the U.S., Germany, and Kuwait did a tremendous job in supporting the Corps, and despite a high OPTEMPO, operational rates for our fleets were generally on par with Army averages. As I mentioned before, in many cases, tracked vehicles experienced over 12 times the programmed OPTEMPO. 1st Cavalry Division tanks that deployed from Baghdad to An Najaf, Fallujah, and other hot spots accumulated up to 12,000 miles during the deployment, far beyond the 800-mile annual programmed projection. Similarly, some Infantry Fighting Vehicles far exceeded the 300-mile annual projection and accumulated up to 3,000 miles in operations. OPTEMPO also affected our aircraft flying hours, which more than doubled during OIF II. Again, supportive organizations such as the Aviation and Missile Command played an important role in getting us necessary repair parts and special tools which helped us remain at or above DA readiness averages throughout the deployment. However, this support effort required additional assets to maintain our fleets. Clearly, aviation contracts, Logistics Civilian Augmentation Program (LOGCAP) maintenance augmentation teams and Army Materiel Command's Forward Repair Activities were critical combat multipliers. Additionally, LOGCAP and other contractors provided essential services throughout Iraq such as dining facility and housing operations at base camps, fuel delivery, and movement control, to mention just a few.

Our logisticians supported not only U.S. forces, but also supported our coalition partners and the emerging Iraqi security forces. We found that some coalition partners benefited from programs such as LOGCAP, particularly in the operation of dining facilities. Combat units in the Iraqi security forces are being successfully employed and rapidly built, but the logistics infrastructure to support these units is a much slower process. Therefore, support from contractors and from our forces was essential to sustainment of the Iraqi security forces during their training and security missions. Towards the end of our deployment, the Iraqi Ministries of Defense and Interior were developing the capability to take on the sustainment mission for the Iraqi security forces, but supporting these forces will remain a challenge for a period of time.

I was very proud of the soldiers who provided our logistics support in Iraq. We really are One Army, and our logistics team demonstrated that every day. Eighty-nine percent of the Corps Support Command consisted of Reserve units, and these soldiers demonstrated courage, flexibility, and determination every day as they supported the demands of a growing force. Every night and day they traveled the dangerous roads to make sure our units had what they needed, and they never let us down.

PERSONNEL AND FAMILY SUPPORT PROGRAMS

As MNC-I Commander in Iraq, I was pleased with our ability to maintain personnel readiness across our combat forces for 13 months. All combat units deployed to theater were manned at 90 percent or better and maintained that strength despite combat losses. Our AC and RC Combat Service Support (CSS) units deployed at 80–89 percent strength, and occasionally we had some challenges in maintaining these units at their desired strength, but at no time did that threaten to impact our operations.

I was very pleased with the AC personnel replacement system, as we had solid systems in place to reach back to home station in order to support combat units forward. We did experience some challenges with RC replacements. When we first arrived in theater, RC personnel requisitions were being filled at approximately 15 percent, but this rate improved to over 70 percent by the time we departed Iraq. The Army worked very hard to fill RC shortages, and continues to do so in a high OPTEMPO environment.

Other personnel programs that were highly successful during our tenure in theater included: our casualty notification system; medical care; and our morale, welfare, and recreation (MWR) programs. The casualty notification system from foxhole to family members in the continental United States (CONUS) was accurate, timely, and responsive. Like every Service, the Army cannot fail in such a sensitive area, and we were proud of our success. Medical care in theater was second to none and unparalleled in military history. I was continually amazed at the speed with which

we evacuated our wounded from the battlefield and had them on their way to medical facilities in the U.S. and Europe. Soldiers knew that if wounded, they would be evacuated with speed and professionalism and supported with exceptional medical care all the way back to home station. Our MWR programs ensured the best possible quality of life for soldiers and connectivity with their families during extended deployments. MWR in theater, such as the rest and recreation (R&R) leave program, commercial telephone banks, internet cafes, United States Organization (USO) and Red Cross all helped our service men and women cope with a long and difficult combat deployment.

An important Army initiative in 2004 was the addition of the Family Readiness Group (FRG) Paid Assistance Program. This initiative helped us properly care for and manage family issues during our deployment. The growing experience of FRGs in handling various family situations paid huge dividends in support of unit Command Teams and families. This critical resource, which assists and coordinates at all levels the requirements involved in taking care of families, allows the commander to focus on training and soldier readiness while providing a conduit for families who need assistance from the Command Team or installation support agencies.

While our families did well during this deployment, as I resume my duties as III Corps Commander in CONUS, I continue to be alert to the impact of continued high OPTEMPO of the force. In some cases, we have soldiers who will experience less than 12 months at home station between year-long deployments. We will continue to work hard at mitigating these circumstances, and I am confident that our soldiers will continue to stand ready to meet any future missions in the global war on terror.

CONCLUSION

I can tell you from having spent a year with our soldiers, marines, sailors, and airmen; they are men and women of character who are confident in their training, their leaders, and their equipment. They are confident that their families are cared for back home when they are deployed. As the Commander of Multi-National Corps-Iraq, I have had the privilege of commanding these brave men and women in combat. As many of you have seen first-hand in your visits to Iraq, and I witnessed every day, these young Americans are as dedicated, skilled, and courageous as their predecessors whom we honor and emulate. They did their duty exactly as they were trained—some did not return because they were determined to do their duty. I am humbled to have been their commander and I pray for them every day.

I hope I have clearly described how we manned, trained, and equipped a superbly capable force. I have no doubt that challenges still lie before us. As the III Corps Commander at Fort Hood, I am alert to the strain on our force, our equipment, and our families. I am deploying many young men and women to Iraq for their second tour of duty, some in less than a year's time. While our soldiers remain ready and willing, we have to recognize what frequent deployments mean to families, support services, and employers. The leadership of the Army is in touch with these challenges and has encouraged an open dialog among commanders to address these concerns. We must address these concerns to ensure we mitigate their impact on our readiness. My commanders and I will do just that. Adequate quality of life programs such as family housing and health care, along with strong Family Readiness groups, are crucially important in determining the ability of soldiers and families to make it successfully through long deployments. When our support to the family is solid, our soldiers and families are equal to the challenge.

I have been given a great privilege to serve our country for almost 39 years and most recently in Iraq. I am proud of what we have done to advance the cause of freedom for the people of Iraq and the security of the free nations of the world. I look forward to your questions.

Senator ENSIGN. Thank you.

Before the rest of the witnesses, Senator Akaka, would you like to make an opening statement?

STATEMENT OF SENATOR DANIEL K. AKAKA

Senator AKAKA. Yes. Well, thank you very much, Mr. Chairman. I do have an opening statement. Since you have started, I'd ask that it be placed in the record.

Senator ENSIGN. Without objection, it will be.

[The prepared statement of Senator Akaka follows:]

PREPARED STATEMENT BY SENATOR DANIEL K. AKAKA

Thank you, Mr. Chairman. I want to welcome our witnesses and thank them for coming today and for sharing their insights on the readiness of our deployed forces.

I would also like our witnesses to know how much we appreciate what you and the brave men and women of our Armed Forces are doing for our country. All of you have put your lives on the line to protect our country. Our servicemembers are in our thoughts and prayers, and they have our sincere gratitude for their dedication and their sacrifices.

We in Hawaii know firsthand of these sacrifices, from the time away from home and families to the ultimate sacrifice of giving one's life in service to our Nation. In January, over 30 marines lost their lives in a helicopter crash in the Anbar province of western Iraq. Most of them were stationed at the Marine Corps Base in Kaneohe, Hawaii.

I have every confidence in our U.S. Armed Forces and their ability to excel at whatever we might ask of them. But I am concerned about the strains we are placing on them, and the long-term implications of this sustained high tempo of operations.

I am also concerned that this committee and the Department of Defense are so consumed by the many important policy issues arising from our operations in Iraq and Afghanistan that we are not devoting sufficient time and attention to the impact of these operations on the readiness of our forces for other missions, or the long-term impact the wear and tear of these operations places on our people and equipment.

While today's hearing is a worthy undertaking, I still think more is needed. It has been many years since we conducted a full committee hearing on the readiness of our forces. Last fall, I sought a subcommittee hearing to fill that gap, but unfortunately, the subcommittee was unable to hold such a hearing. I hope that the subcommittee or the full committee will be able to hold such a hearing this year with our service chiefs or vice chiefs to examine issues such as the readiness of our forces, the pace of operations, and plans to "reset" our equipment as they affect our four Services.

Soon our committee will turn to our markup of this year's budget request. I hope we will do our best to ensure that our committee strongly supports the readiness of our forces. Part of ensuring readiness is funding it. As Secretary of the Navy Gordon England wrote to our committee earlier this week:

"Readiness is a direct function of Operation and Maintenance (O&M) dollars available. Under funding O&M adversely affects readiness."

I hope our discussion today will shed additional light on how we can best accomplish this shared goal of keeping our forces trained and ready.

Once again this year, we start with a President's budget request that provides no funding for these ongoing operations in Iraq and Afghanistan. Once again this year, both the House and the Senate have added funds—\$50 billion this year—to our budget resolutions to remedy this defect.

Not only does this make our budgets more realistic and more honest, but it helps our military. This year, the Services are once again dependent on supplemental funding. Again the Army is extremely affected by this underfunding. It is my understanding that the Army has already borrowed \$1.9 billion against its military personnel accounts through reprogrammings that have to be paid back in the pending supplemental. In order to meet certain financial obligations, the Army may shortly be taking extraordinary steps to meet its payroll. Even the Air Force, which is not as affected has informed us that at current operating rates they will run out of money before the end of the fiscal year.

I do not believe it is in anyone's best interest to continue the process we have used in the last 3 years where 20 percent of our annual defense budget is funded through supplementals, outside the normal authorization and appropriation process.

Our challenge is to provide the strongest possible foundation for the readiness of our forces in this year's authorization act. I hope to gain a deeper appreciation for your short- and long-term readiness concerns and any help that we may be able to provide. Again, I welcome our witnesses and I look forward to their testimony. Thank you, Mr. Chairman.

Senator ENSIGN. Thank you.

We will now go to General Sattler.

**STATEMENT OF LT. GEN. JOHN F. SATTLER, USMC,
COMMANDING GENERAL, I MARINE EXPEDITIONARY FORCE**

General SATTLER. Thank you, Mr. Chairman, Senator Akaka, and Senator Cornyn. Thank you for the opportunity to appear before the subcommittee, sir. I would also like to thank you for the strong support, on behalf of all of the men and women who wear the uniform that had the tools of war that were necessary to fight this battle to ensure that the thugs, mugs, murderers, and intimidators who would steal the country of Iraq away from the Iraqi people were held in check and will, in fact, eventually be defeated.

The men and women engaged in this fight alongside our Iraqi security forces and our partners, they are making a very positive difference. The security forces become more capable each and every day. In my opinion, the security, the governance, and the economic lines of operation are all moving in a positive direction. There is more work to be done. The Iraqi people, along with us at their side, are on the long, bumpy, windy road to democracy. The good news, sir, is that they are moving in the right direction.

The warriors of I Marine Expeditionary Force (I MEF) are back now at Camp Pendleton completing their Warrior Transition Program and reuniting with their family and their friends. Once they return from some well-deserved leave, we will commence our preparations to return to Iraq, in February 2006.

The reconstitution of our forces, and the equipment that will go along with those forces, is our major focus at this time. Some of the equipment, as you well know, sir, is well worn—it's worn well beyond its years. You can read the studies, anywhere between 10 to 12 years, depending on the type of equipment, the amount of years that are put on it for 1 year inside the country of Iraq.

Our near-term focus is on ensuring we have sufficient equipment to train with to prepare to go back. Of course, our long-term focus is the reconstitution of that equipment after another year in Iraq as it continues to age at an 8- or a 10-to-1 rate, so that when this fight is over, that we will have equipment in our ranks to sustain us for future endeavors.

Lastly, sir, I would just like to tell you thank you so much for your strong support in the past, and I'd like to thank you in advance for your support in the future, on behalf of not only the marines within I MEF, but, as General Metz said, the soldiers, the sailors, the airmen, and the marines that made up the approximately, at one point, almost 44,000 warriors that were out in the west of Iraq.

Thank you very much, sir, and I look forward to your questions.
[The prepared statement of General Sattler follows:]

PREPARED STATEMENT BY LT. GEN. JOHN F. SATTLER, USMC

OPENING

Chairman Ensign, Senator Akaka, distinguished members of the subcommittee; it is my privilege to report to you on I Marine Expeditionary Force's (I MEF) current state of readiness. I MEF marines and sailors have answered our Nation's 911 calls and rapidly deployed in support of the global war on terror. Our number one priority is prosecuting the global war on terror and sustaining our readiness in order to meet all future challenges and serve as our Nation's premier expeditionary force-in-readiness.

The men and women of I MEF remain committed to warfighting excellence and the support of Congress and the American people has been paramount to our successes in Afghanistan and Iraq. On behalf of all of I MEF, I thank you for your sustained and indispensable support.

SINCE SEPTEMBER 11, 2001, I MARINE EXPEDITIONARY FORCE HAS RAPIDLY DEPLOYED INTO REMOTE, ISOLATED, AND LANDLOCKED LOCATIONS THAT WERE PREVIOUSLY VIEWED AS SAFE HAVENS FOR TERRORIST ACTIVITIES, FOUGHT AGAINST TYRANNY AND AIDED THOSE IN NEED.

Operation Enduring Freedom demonstrated our speed and flexibility when we task organized two forward-deployed Marine Expeditionary Units (Special Operations Capable) (MEU(SOC)) into Task Force 58 and projected the first major conventional units more than 350 miles from its amphibious shipping into Afghanistan. Operation Iraqi Freedom I witnessed the flexibility of our Marine Air Ground Task Force (MAGTF) when over 70,000 I MEF marines and sailors deployed and arrived in less than 60 days at their Kuwait staging areas and attacked more than 500 miles rendering 10 Iraqi divisions combat ineffective, seizing half of Baghdad, and occupying key areas to the north. When major combat operations concluded, strategic plans called for marine forces to redeploy and reset for any future contingencies and/or requirements from the regional combatant commanders. I MEF redeployed to home stations in October 2003.

Late in 2003, I MEF received a short-notice tasking to deploy a force of approximately 25,000 marines and sailors back to Iraq to assume responsibility for the Multi-National Force-West Region. I MEF arrived in February 2004 to accelerate a Relief in Place with units pending redeployment. In response to emergent requirements, three MEU(SOC)s deployed to the Central Command area of responsibility (AOR) during the summer and fall of 2004. Each MEU(SOC) was subsequently employed ashore under I MEF in support of combat operations in Iraq. Their addition to I MEF brought the total USMC strength in OIF II to slightly over 30,000. During Operation Iraqi Freedom II, I MEF marines and sailors with a truly Joint/Coalition Force liberated An Najaf and Fallujah and facilitated free elections in four Iraqi provinces. Finally, a I MEF MEU(SOC) provided tsunami relief in South Asia as it transited to Iraq in order to conduct stability operations until April 2005. Today these MEU(SOC) marines and sailors remain forward deployed and serve as the theater reserve within the Central Command AOR.

THE CHALLENGE TO TRAIN AND EQUIP I MEF MARINES AND SAILORS FOR OIF II BEGAN IN OCTOBER 2003, EVEN BEFORE ALL I MEF PERSONNEL AND EQUIPMENT WERE BACK IN CONUS FROM OIF I. I MEF'S NOTICE TO RETURN TO IRAQ FOR STABILITY AND SUPPORT OPERATIONS (SASO) RESULTED IN COMPRESSED PLANNING TIMELINES AND REQUIRED THE UTMOST SPEED AND FLEXIBILITY IN IDENTIFYING FORCES, PREPARING EQUIPMENT, AND BUILDING CAPABILITIES DEEMED CRITICAL TO THE MISSION. PREPARATIONS FOR SASO FOCUSED ON EQUIPPING AND TRAINING MARINES AND SAILORS FOR AN ENVIRONMENT BELIEVED TO BE MORE UNPREDICTABLE AND DANGEROUS THAN WE HAD EXPERIENCED IN THE PREDOMINANTLY SHIA REGIONS OF SOUTHERN IRAQ IN THE SUMMER AND EARLY FALL OF 2003.

In the training arena, each major subordinate command (MSC) of I MEF developed comprehensive plans to build individual and collective readiness geared for what was foreseen as a unique blend of civil-military operations—what has been aptly called the “three block war.” Moreover, the increased staff and subject matter expertise support required to meet the heightened demands of information operations, multi-source intelligence collection, force protection, Iraqi security force training and development, civil affairs and engineering projects, cross-cultural communications, and political engagement could not have been met without individual augmentees globally sourced across the Marine Corps. Marine and Navy reservists proved instrumental to I MEF's efforts in the global war on terror and they remain ready and willing.

These and other aspects of our approach to SASO missions were based not only on our own experiences but also drew heavily on the successes of the British Army in southeast Iraq. The 1st UK Division's tactics, techniques, and procedures reflected many years of hard-won experiences in low intensity conflicts and peacekeeping operations around the world and were adapted wherever practical to the integrated Marine Air Ground Task Force. To this end, great emphasis was placed on language and cultural training with 10 to 12 marines per maneuver battalion receiving language immersion training. SASO collective skills were developed through conferences in Camp Pendleton, CA, with visiting experts on Iraq and counter-insurgency operations, immediate actions for MAGTF convoys, crowd and riot control,

cordon and knocks, counter-ambushes, offensive mining and improvised explosive device employment, and rear area security. Readiness for asymmetric warfare was further refined and tested through the creation of Revised Combined Arms Exercises (RCAX) at the Marine Air Ground Combat Center (MCAGC) at Twentynine Palms, CA; SASO field training exercises (FTX) in urban terrain at March AFB, CA; and air-ground concept of operations integration training at Marine Corps Air Station (MCAS) Yuma, AZ.

Finally, I MEF's predeployment training included a reintroduction of the Combined Action Program (CAP)—similar to that used by marines in South Vietnam from 1966 to 1971—where each deploying infantry battalion was required to have a specially trained CAP platoon. The CAP approach promises the highest returns on our investment as local security conditions improve and Iraqi leadership remains committed to the mission. Improving readiness and training for greater effectiveness in SASO and Counter Insurgency Operations (COIN) remained a constant concern. Thus, a concerted effort was made within I MEF and indeed, in a collaborative spirit across all major subordinate commands (MSC's) of Multi-National Corps-Iraq to share experiences in order to profit from those of others. Communications technology was a critical enabler. Enemy adaptations or new techniques, tactics, or weapons were immediately posted on classified web sites, passed through message traffic, or otherwise shared between headquarters. For example, every applicable lesson learned in the urban fighting in Najaf by the 11th MEU(SOC) under the operational control of the MEF in August 2004, was passed to the 1st Marine Division as it prepared for combat operations in Fallujah in November 2004.

THE LIVES OF OUR MARINES AND SAILORS ARE OUR MOST PRECIOUS ASSET AND THEIR PRESERVATION THROUGH BETTER EQUIPMENT HAS AND WILL ALWAYS BE ONE OF OUR PRIMARY CONCERNS. ACCORDINGLY, IN PREPARATION FOR OUR RETURN TO IRAQ, FORCE PROTECTION EFFORTS WERE FOCUSED ON EQUIPMENT AND TECHNOLOGY TO BETTER DETECT, COLLECT, INTERRUPT, AND MITIGATE THE WEAPONS, TECHNIQUES, AND TACTICS FAVORED BY THE ENEMIES OF IRAQ. IN NOVEMBER 2003, THE MARINE CORPS ESTABLISHED THE URGENT UNIVERSAL NEEDS STATEMENT (UUNS) TO RAPIDLY TRANSLATE MISSION-ESSENTIAL NEEDS OF MARINES IN THEATER TO FIELDABLE MATERIEL SOLUTIONS.

No single Marine Corps program had a greater impact on I MEF's readiness than the Rapid Acquisition or UUNS process. The UUNS process provided an effective method for I MEF to identify and forward new requirements for review and approval (normally in less than 90 days) at the Service Headquarters. The UUNS process was an unqualified success in its ability to deliver equipment when it was needed. Coupled with pre-existing initiatives, this effort helped obtain adequate body armor (with front and rear plates) for every deployed I MEF Marine and Sailor. The results were clear throughout the MEF's area of operations. The UUNS process allowed us to armor our individual marines, sailors, High Mobility Multi-purpose Wheeled Vehicles (HMMWVs) and Medium Tactical Vehicle Replacement (MTVR) trucks serving outside of all Forward Operating Bases.

Upgrades of Aviation Survivability Equipment (ASE) that included interior ballistic armor, advanced radar detections systems, improved defensive weapons systems, and missile countermeasures were developed for our rotary wing fleet and for our KC-130s. Both the size of I MEF's area of responsibility and the character of the SASO missions necessitated a larger number of tactical mobility assets than existing tables of equipment could support. Although tactical vehicle augmentation was possible by a selective off-load of our maritime prepositioning squadron (MPSRON-2) in Kuwait, there was simply not enough adequate armor protection across the board for the threat conditions in Iraq. Thus, a major effort to provide flank and frontal armor for I MEF's entire tactical wheeled vehicle fleet commenced prior to the deployment. In spite of the time constraints, an impressive array of armor, locally fabricated steel, and other protective measures were rapidly attained and installed prior to departure from Camp Pendleton or while in Kuwait to meet the small arms and fragmentation threat posed by ambushes and mine strikes of tactical vehicles in Iraq. By the time I MEF had fully deployed in March 2004 to relieve the 82nd Airborne in the Sunni dominated Al Anbar Province, the Marine Corps had provided first generation armor for 100 percent of its 3,000+ vehicles. As the security situation deteriorated further in the wake of the Blackwater murders in Fallujah, this force protection program expanded to the procurement of the much-improved M1114 and M1116 (factory armored) HMMWV as well as improving the protection levels of armor kits on all other tactical vehicles. As a result of this ongoing effort, the Marine Corps currently has 4,299 hardened vehicles in the CENTCOM AOR. These materiel solutions and ongoing efforts are designed to pro-

vide protection while still providing marines the ability to rapidly dismount and provide offensive capability wherever needed.

Wherever possible, we team up with our joint partners to gain synergy in effort and economies of scale while ensuring appropriate stewardship of limited resources. As we address the challenges of the current fight, we look to exploit the opportunities of the future. We understand that willingness is a mindset but readiness is a statement of fact. To this end, close coordination and constant feedback from the field to the Marine Corps supporting establishment throughout I MEF's deployment—particularly the Combat Development Command in Quantico, VA—allowed rapid identification of emerging requirements that led to new equipment and training that saved lives and increased mission readiness. The flexibility borne of these changes enhances the lethality of the Marine Air Ground Task Force and positions the Marine Corps for future operations.

With respect to logistics preparations and support for OIF II, a plan was developed to move over 25,000 marines and sailors and tens of thousands of principal end items to Iraq in under 60 days. Equipment was resourced from various continental United States (CONUS) and overseas stations and locations, and by March 2004, I MEF conducted the successful off-load of a combination of 17 commercial black bottom, Navy amphibious, and Maritime Prepositioning Squadron (MPSRON) ships, and the reception and staging of all required personnel and equipment into the USCENTCOM AOR. I MEF's onward movement from Kuwait to its area of operations in the Al Anbar Province of western Iraq involved the detailed organization and scheduling of some 6000 vehicles into more than 100 convoys that moved through enemy territory.

With a mature logistics theater already established by Combined Joint Task Force Seven (CJTF-7), I MEF was able to further task organize its combat service support (CSS) organizations thereby reducing some of the equipment and personnel costs associated with a more austere, expeditionary environment such as encountered during OIF I. As such, heavy emphasis was placed on logistical planning for Theater and Corps level sustainment, contingency contracting, base camp infrastructure, and integration into Logistics Civil Augmentation Programs (LOGCAP), as well as for the reception, staging, and onward movement of forces and equipment flowing through Kuwait into Iraq.

REGARDING MAINTENANCE IN THEATER, THE GROUND EQUIPMENT USAGE RATES IN THE IRAQI THEATER OF OPERATIONS WERE MUCH HIGHER THAN THOSE EXPERIENCED DURING NORMAL PEACETIME TRAINING.

These higher usage rates, combined with extreme environmental conditions, unusually demanding operating criteria, and additional armoring of mobility assets, served to increase supply and maintenance demands. Despite these factors and as a testament to the ingenuity of our marines, contracted logistics support, contingency contracting, and continual reach back to CONUS-based resources, the ground equipment readiness rates for I MEF while deployed continually hovered in the low 90-percentile range.

In an effort to leverage additional logistical support, I MEF was in the early stages of capitalizing on the Army's forward deployed ground depot maintenance capability in order to reduce, and in some cases eliminate, long lead times for equipment requiring retrograde from theater for depot level maintenance. Further mitigating the large numbers of equipment having been destroyed beyond repair, initiatives were developed, known as forward in-stores (FIS), to establish a pool of ground equipment to expedite the replacement of major end items.

With regards to aviation assets, I MEF's inventory of legacy fixed and rotary wing aircraft performed their combat missions and held up extremely well under increased usage rates. Operating from austere former Iraqi air bases and deployed throughout multiple forward operating bases (FOBs) throughout the MEF AOR, these aircraft flew thousands of sorties in extreme environmental conditions and under an extraordinarily demanding operating criteria. While utilization rates have dramatically increased, the overall trend for our deployed aircraft readiness remained fairly constant in the low 70-percentile range. Initiatives to further improve aircraft readiness rates in theater are continually being developed such as the creation of a limited, forward-deployed aircraft depot maintenance capability.

I MEF IS A STRONG PROPONENT OF THE “MARINE FAMILY” AND OUR COMMANDERS DEVOTE A GREAT DEAL OF ATTENTION TO FAMILY READINESS IN PREPARATION FOR THE UNCERTAINTY INHERENT IN COMBAT OPERATIONS. RECOGNIZING THAT INFORMATION FLOW AND FAMILY READINESS ARE CRITICAL TO UNIT MORALE AND COMBAT READINESS, WE DEVELOPED AND NURTURED A FAMILY READINESS PROGRAM SECOND TO NONE. THE FRONT-END INVESTMENT IN FAMILY READINESS PROGRAMS AND THE KEY VOLUNTEER NETWORK IN PREPARATION FOR THESE DEPLOYMENTS SERVED AS FORCE MULTIPLIERS AND ENHANCED THE COMBAT READINESS OF I MEF.

In pursuit of this, I MEF sponsored Marine Corps Family Team Building (MCFTB). This program provided critical support while commands aboard Marine Corps Base Camp Pendleton, CA, Marine Corps Air Ground Combat Center (MCAGC) in Twentynine Palms, CA and Marine Corps Air Stations Miramar, CA and Yuma, AZ were deployed. MCFTB programs for educating family readiness officers, key volunteer coordinators, advisors, and spouses provided continuity and sustained Family Readiness. One of the most important services has and continues to be the Return and Reunion Briefs. This is in depth instruction designed to prepare both families and servicemembers, for their reunion through education and reflection on the different experiences each has had during the deployment. Finally, a program known as Lifestyles, Insights, Networking, Knowledge and Skills (LINKS) also serves to educate our spouses on what it means to be a military spouse. This has proven to be especially helpful during extended deployments when many new spouses are becoming familiar with the Marine Corps lifestyle.

Even though the operational tempo of the global war on terror took the men and women of I MEF to distant lands far from their friends and family, our marines and sailors established a little bit of home. They celebrated holidays, set up daily routines and remembered loved ones left behind. To this end, our personnel morale and family support programs included both quality of life and recreation programs in Afghanistan and Iraq. Connectivity through e-mail, mail services, and phone calls were a source of constant concern for commanders throughout Iraq and every effort was made to make these services readily available, as combat operations would permit. To reach across the miles, Unit Family Readiness Hotlines and Websites were established; updated messages from unit commanders were routinely recorded and posted; family members had ready access to voice recordings in order to remain informed on the current situation and events; and Family Readiness Web sites provided information and access to solutions to challenges before they became problems. Marines were more focused knowing that their families were being cared for on the home front.

Fighting the war and resetting the force for the future, is the commandant's focus.

Lieutenant General James N. Mattis, Commanding General of the Marine Corps Combat Development Command/Deputy Commandant for Combat Development United States Marine Corps testified before the House Armed Services Committee on March 16, 2005. While it depends on the individual item of equipment selected, in general, our ground equipment is experiencing roughly eight times the use normally experienced during peacetime operations. The decision to replace, rather than repair, major equipment items is, in most cases, cost-effective due to transportation costs to and from the Central Command's area of responsibility, accelerated aging due to high operational tempo, environmental degradation and the need to keep up armored vehicles in theater to support future rotations. In this vein, the Marine Corps will rely on future programs to replace existing legacy systems—such as the Expeditionary Fighting Vehicle replacing the current amphibious assault vehicle in use in Iraq and lightweight 155mm howitzer to replace legacy howitzers. The administration requested funding for Marine Corps reset in the fiscal year 2005 supplemental. As operations proceed in Iraq and global war on terrorism, we will continue to study requirements to fully reset the force.

As we address the challenges of the current fight, we look to exploit the opportunities of the future. Newly formed active and Reserve component units will address conventional and irregular threats as existing units retrain to assume additional duties such as civil affairs, SASO, and COIN. The flexibility borne of these changes enhances the effectiveness of the Marine Air Ground Task Force in the global war on terrorism and postures the Marine Corps for success in future operations. Marines and their families greatly appreciate the unwavering support of Congress in achieving this end.

Senator ENSIGN. General Buchanan.

**STATEMENT OF LT. GEN. WALTER E. BUCHANAN III, USAF,
COMMANDER, 9TH AIR FORCE AND U.S. CENTRAL COMMAND
AIR FORCES**

General BUCHANAN. Thank you, sir.

Chairman Ensign, Senator Akaka, Senator Cornyn, and Senator Clinton, thank you for giving me the opportunity to appear before you today to present the status of our Air Force in Operations Enduring Freedom and Iraqi Freedom. As the Commander of the United States Central Command Air Force, it is my distinct pleasure to report on our readiness and sustainment efforts. On behalf of Acting Secretary Dominguez and General Jumper, thank you for your continued strong support of the more than 18,000 airmen deployed to fight the global war on terrorism in the Central Command area of responsibility.

On the ground and in the air, our airmen are performing exceptionally well in often hostile conditions. On the ground, our security forces have provided air-base defense outside the base perimeter for the first time since Vietnam. Air Force joint tactical air controllers are excelling under fire, providing that critical link between tactical ground commanders and overhead air support. From the air, whether we are over Tarin Kowt, in Afghanistan, or Fallujah, or Baghdad, in Iraq, we are leveraging intelligence, surveillance, and reconnaissance assets to uncover and track insurgent activity for coalition forces to engage.

At the same time, our fighter air crews continue to fly top cover for their brave brothers and sisters on the ground, and doing a superb job, when required, engaging the enemy, and minimizing collateral damage while dropping munitions in close proximity to friendly forces and civilians. I could not be more proud of the professionalism and commitment of our airmen. Their successes on the battlefield are the best evidence that they are well prepared for the operations they are called to perform.

A critical enabler in their success has been the Air Expeditionary Force cycle, which establishes a solid foundation for the readiness and sustainment of airmen deployed to the theater. This 20-month cycle prepares them for deployment through focused training prior to departure, and reconstitutes personnel and equipment upon return. This predeployment training, combined with daily operations in the field, ensures critical mission qualifications do not lapse during the rotation.

Not only are the forces well trained, deploying units are also fully equipped and supplied. Individual airmen arrive in theater with all the personal gear they need to sustain them through their deployment. Depending on the specific mission, units either deploy with a full complement of equipment required for their tour or to locations that already are equipped through our War Readiness Material Program.

Our standard logistics channels keep our forces supplied, requiring as little as 4 days to get critical parts. The robust logistics capability enables airmen to conduct much of the requirement equipment maintenance while in the field.

On the personal side of readiness, deployed locations provide a wide variety of activities outside the work environment to refresh the force, giving airmen a break from their daily routines. Addi-

tionally, home stations offer a multitude of support services to equip families for the stresses of life while their loved ones are away.

As we continue to prosecute the global war on terrorism, our ability to prepare and deploy our forces remains critical to our success. Maintaining well-equipped and trained airmen through sustained congressional backing will help secure victory in the future.

Chairman Ensign, Senator Akaka, distinguished members of the subcommittee, it has been my distinct honor to serve alongside my fellow commanders here and the exceptional airman in U.S. Central Command Air Force (CENTAF) over the past 3 years. On their behalf, thank you for your continued support. I look forward to your questions.

[The prepared statement of General Buchanan follows:]

PREPARED STATEMENT BY LT. GEN. WALTER E. BUCHANAN III, USAF

INTRODUCTION

Chairman Ensign, Senator Akaka, and distinguished members of the subcommittee, thank you for giving me the opportunity to appear before you today to present the status of our Air Force in Operations Enduring Freedom (OEF) and Iraqi Freedom (OIF). As the Commander of United States Central Command Air Forces, it is my privilege to report on our readiness and sustainment efforts. On behalf of Acting Secretary Dominguez and General Jumper, thank you for your continued strong support of the more than 18,000 airmen deployed to fight the global war on terror in the Central Command AOR.

FORCE READINESS

Air forces deploying in support of OEF and OIF arrive in theater well-trained and properly equipped to conduct their assigned missions. On the ground and in the air, our airmen are performing exceptionally well in often hostile conditions. On the ground, our security forces have provided airbase defense outside the wire base perimeter for the first time since Vietnam. During a 60-day deployment to Balad AB early this year, they captured over 100 weapons and significantly reduced the number of attacks on the base. Air Force Joint Tactical Air Controllers (JTACs) are excelling under fire, providing the critical link between tactical ground commanders and overhead air support. From the air, we are leveraging intelligence, surveillance, and reconnaissance assets to uncover and track insurgent activity for Coalition forces to engage. Our aircrews continue to do a superb job minimizing collateral damage while dropping munitions in extremely close proximity to friendly forces and civilians, in support of coalition and Iraqi security forces. I could not be more proud of the professionalism and commitment of our airmen, and their successes on the battlefield are the best evidence that they are well prepared for the operations they are called to perform.

The Air Expeditionary Force (AEF) cycle provides a solid foundation for the readiness and sustainment of airmen deployed in support of the global war on terror. Designed primarily for sustainment, this mechanism provides fresh forces to the field on a frequently rotating basis in accordance with a predictable schedule, enabling us to conduct long-term operations like the ones in which we are currently engaged. Most airmen can expect to deploy for 120 days in every 20-month cycle, though there are certain stressed career fields that are exceptions to this rule—most notably security forces, which typically deploy for 179 days. During the preparation period between AEF deployments, our forces hone their readiness skills with a variety of training tools. To ensure airmen are equipped with the latest tactics, techniques and procedures, we often incorporate fresh lessons learned from combat operations into peacetime exercises during the preparation period. For example, Exercise Able Archer last November included urban Close Air Support (CAS) scenarios from OIF and provided both the participating JTACs and aircrews with instruction on new techniques used in Iraq.

Given the counter-insurgent nature of today's combat environment in both Iraq and Afghanistan, collateral damage mitigation has drastically increased in importance. Not only are ground forces calling for fire support closer to friendly positions, most of today's targets are interspersed in civilian areas requiring supreme diligence and care in weapon selection and employment. Under these conditions, even a minor

tactical error can have strategic consequences, providing a basis for the enemy's propaganda campaigns. Our robust peacetime training cycle ensures our aircrews can employ their ordnance to meet this ever increasing requirement for precision.

Not only are our forces well-trained, deploying units are also fully-equipped. All airmen arrive in theater with the individual equipment needed to sustain them through the deployment, regardless of their deployment location or conditions. Our airmen can find themselves in widely varying field conditions, from very austere camps where you'll find our JTACs, combat communication teams and special operators; to forward operating locations in hostile territory, such as Balad Air Base in Iraq and Bagram Air Base in Afghanistan; to vital enduring bases with robust support on the Arabian Peninsula, such as Al Udeid Air Base in Qatar and Al Dhafra Air Base in the United Arab Emirates.

Every flying unit deploys with 100 percent mission capable aircraft and a tailored package of maintenance equipment and parts designed to keep them light, lean and fit to fight for their entire rotation. Likewise, Red Horse and special operations units deploy with the full compliment of equipment required for their missions.

FORCE SUSTAINMENT

While operational units deploy with their gear, equipment for support units, and various combat expendables are prepositioned through the War Reserve Material (WRM) program. Our five WRM storage locations in theater give us a capability to rapidly deploy equipment during a contingency, but they are also an exceptional tool for force sustainment. Through a USCENTAF contract, DynCorp manages our \$4.2 billion WRM inventory and provides accountability and storage for all the equipment, to include vehicles, munitions, fuel mobility support equipment, medical rations and aerospace ground equipment. As equipment in the field wears out, we leverage WRM inventories for expeditious replacements, minimizing the impact to force readiness.

In addition, we reconstitute supplies not available in WRM through our standard logistics channels. Supplies from U.S. mainland arrive on average in just over 12 days from the time of order. In the event we need supplies faster, we have methods to expedite the process and ship material in only 4 days.

Our robust logistic support is a key enabler to equipment maintenance in the field. With parts readily available, we perform routine maintenance at our deployed air bases or at WRM maintenance facilities in theater. Flight line crews conduct day-to-day and phase level maintenance as they would at home station. For aviation equipment repairs that cannot be accomplished in the field, we utilized repair facilities in Europe and the continental U.S., depending on the level of maintenance required.

In addition to equipment availability, training currency is a critical aspect of readiness. For most airmen, training currency spans the deployment duration without lapsing. In the cases where currencies are shorter than the deployment duration, airmen maintain qualification through daily mission activities or in-theater training. When training is required, it is done on a non-interference basis. For instance, we support JTAC training with on-call close air support sorties if available. Proficiencies not required in the area of responsibility (AOR), however, are not maintained. As an example, a pilot's air-to-air skills may lapse, but since there is no air-to-air threat in Iraq there is no mission impact.

While the professional side of readiness and sustainment is highly regimented, the personal side varies greatly from airman to airman. To meet these varying needs, each air base within the AOR provides a wide assortment of MWR activities. Fitness and recreation centers at each base provide a location to work out and relax. Food operations such as Burger King and Subway, give airmen a taste of home. Morale phones and computers allow airmen to stay in touch with family. Learning resource centers allow airmen to continue their education or to progress in their Professional Military Education (PME). Resale operations such as on-base bazaars allow airmen to experience the local culture and share it with family and friends through gift purchases. The availability of activities outside the work environment refreshes the force by giving airmen a break from their daily routines.

Family support before, during, and after deployment is also a significant part of force readiness and sustainment. The Air Force provides support to the families of deployed airmen through the Integrated Delivery System (IDS). The primary components of the installation-level IDS are the Family Support Center, Life Skills Support Center, Family Advocacy Program, Family Member Programs Flight, Health Promotion and the Chapel. These agencies support families with education, childcare, counseling, spiritual and practical support. In short, they train and equip

our families in the tactics, techniques, and procedures required to thrive at home while a member of the family is deployed.

RECONSTITUTION

Following deployments the Air Force utilizes the AEF cycle to reconstitute its airmen. Upon return, airmen take leave in accordance with home station policies to rest, recuperate, and reconnect with their families. Units slow their operational tempos to allow maintainers time to refurbish equipment. Finally, unit commanders establish training programs to return their airmen to deployment ready status.

SUMMARY

As we continue to prosecute the global war on terrorism, our ability to prepare and deploy our forces remains critical to our success. Using the AEF cycle, the Air Force has done an excellent job of training and equipping our young airmen to fight. Our prepositioned WRM inventories and supporting logistics and maintenance systems ensure airmen maintain a high level of readiness during combat operations. Our MWR and family support programs do a phenomenal job of maintaining the personal aspects of readiness for our members and their families. The AEF cycle quickly reconstitutes our equipment and airmen to deployment ready status upon return. Sustained congressional support of these programs will help secure our victory in the future. Chairman Ensign, Senator Akaka, and distinguished members of the subcommittee, on behalf of our Nation's airmen, thank you for your continued support.

Senator ENSIGN. Thank you.
General Austin?

STATEMENT OF MG LLOYD J. AUSTIN III, USA, COMMANDING GENERAL, 10TH MOUNTAIN DIVISION (LIGHT INFANTRY) AND FORT DRUM

General AUSTIN. Mr. Chairman, Senator Akaka, Senator Cornyn, Senator Clinton, thank you for the opportunity to appear before you today representing the Army's most deployed division.

The 10th Mountain Division is stationed at Fort Drum, New York. It includes a newly-formed brigade combat team, which is headquartered at Fort Polk, Louisiana. We have 19,000 soldiers, and are organized as a modular brigade-centric force, whose capabilities span the full range of military operations.

In the past 12 months, we have successfully redeployed the division from Afghanistan. We've also deployed a brigade to Iraq. In addition to that, we supported the 42nd Infantry Division of the New York Army National Guard as it mobilized and deployed to Iraq. We currently have approximately 2,300 soldiers of our 2nd Brigade Combat Team engaged in combat operations in Iraq. I returned from a visit with them 2 weeks ago, and can report to you that they are doing a wonderful job.

One of our brigade combat teams will replace them in the next few months, and our division headquarters and remaining brigade combat teams are currently scheduled to deploy to Afghanistan next winter and assume the mission for the Combined Joint Task Force 76. We owe our success to the men and women who daily carry out the mission of defending America's interests in both Afghanistan and Iraq. These soldiers continue to perform magnificently as one of the Nation's key fighting forces in the war on terror, while maintaining the highest operational tempo anywhere in the world. This operational tempo includes increasing the size and scope of home-station operations, transformation to the new modular force, deployment training, the reset of units, and it also includes the sustainment of units currently serving overseas.

Our readiness is enhanced by our steadfast commitment to leverage experience gained from operations in both Iraq and Afghanistan, and several lessons are indisputable.

First, although technology cannot win wars by itself, it continues to play an essential role. As we experienced in Afghanistan and Iraq, network leaders are bolder and have greater situational awareness, even when conducting operations across vast geographic distances.

Second, our experience proves that skilled and disciplined soldiers remain indispensable to our combat success. Even our most sophisticated satellites and computers cannot peer into the mind of an enemy commander, they cannot cultivate trust with coalition partners, nor can they make the instant life-and-death decisions that win battles. We must, therefore, strike the balance between a technical and a human approach to winning the war on terror, and beyond.

Ultimately, our fighting men and women are the key to mission readiness. Our soldiers personify the American spirit, and embody its values. Their individual readiness is a metric by which all else must be measured.

Soldiers and equipment are at the forefront of our transformation to a brigade-centric force that is more modular, more versatile, more adaptive, and more efficient. A crucial part of our transformation experience includes reset, the process of replenishing worn-out combat equipment as units return from overseas. The challenge for the future is to develop capabilities that provide overwhelming dominance for the individual soldier at the point of the spear. Those are the soldiers who conduct the brutal, and often deadly, close tactical fight. We must put American technology, America's intellect, and America's resources to work to ensure the success and safety of the young people who perform those difficult tasks.

The 10th Mountain Division is aggressively reshaping to achieve greater joint and expeditionary capabilities while we prepare and posture for the future. As we wage war and transform the Army, I cannot emphasize enough the fundamental importance of the men and women who are at the center of all that we do. Their values and their commitment are the cornerstone of the wars we fight, and the peace that we will ultimately win. I appreciate your strong support on their behalf, and, once again, thank you for the opportunity to appear before you today, and I look forward to answering your questions.

[The prepared statement of General Austin follows:]

PREPARED STATEMENT BY MG LLOYD J. AUSTIN III, USA

Senator Ensign, Senator Akaka, distinguished members of the subcommittee, thank you for the opportunity to appear before you today representing America's most deployed Army division. On behalf of the tremendous soldiers, civilians, and families of the 10th Mountain Division and Fort Drum, I am pleased to report that the division is proudly answering the Nation's call to duty in support of America's strategic interests abroad and the war on terror.

The 10th Mountain Division is stationed at Fort Drum, New York, and includes a newly formed Brigade Combat Team headquartered at Fort Polk, Louisiana. We have 19,000 soldiers and are organized as a modular, brigade-centric force whose capabilities span the full range of military operations and spectrum of conflict. Over the last 15 years, the 10th Mountain Division has been involved in more deploy-

ments than any other division in the United States Army. We currently have approximately 2,300 soldiers of our 2d Brigade Combat Team engaged in combat operations in Iraq. I returned from a visit with them 2 weeks ago and can report to you they are doing an outstanding job. One of our Brigade Combat Teams will replace them in the next few months, and the division headquarters and remaining Brigade Combat Teams are currently scheduled to return to Afghanistan next winter to assume the mission for Combined Joint Task Force-76.

Our success, past and present, would not be possible without the dedicated team of nearly 2,000 civilians who manage and lead the garrison operations of Fort Drum, New York. They play a crucial role in Fort Drum's mission as a key mobilization center and power projection platform. In the past 12 months, Fort Drum successfully redeployed the division from Afghanistan, deployed a brigade to Iraq, and supported the 42nd Infantry Division, New York Army National Guard, as it mobilized and deployed to Iraq.

The 10th Mountain Division owes its current operational success to the men and women who daily carry out the mission of defending America's interests in both Afghanistan and Iraq, and who continue to perform magnificently as one of the Nation's key fighting forces in the war on terror. Their accomplishments come amidst the challenge of Army transformation and a dramatic expansion in the size and scope of home station operations, while also maintaining one of the highest operational tempos anywhere in the world.

On behalf of these remarkable young men and women, I thank the members of the committee for their resolute concern and commitment to America's fighting force and providing the support they require to succeed wherever and whenever the Nation calls them.

Today, I would like to provide you with an overview of our experience with personnel, deployment training, reset of units, modularity, and training and equipment as they relate to the 10th Mountain Division over the past 22 months.

Our readiness is enhanced by our steadfast commitment to leverage the insights gained from operations in Afghanistan and Iraq. Drawing rigid lessons from ongoing operations would be imprudent; however, we strive to incorporate the enduring experience while avoiding the case-specific issues. Several lessons are indisputable:

First, although technology cannot win wars by itself, it plays an essential role. For example, our growing joint network-centric capability is revolutionizing how we fight. As we experienced in Afghanistan and Iraq, networked leaders are bolder and less risk-adverse even when conducting distributed operations across vast geographic distances. In Iraq, it is just as important for a patrol to have information as it is for a division commander. In fact, it may be more important. Ultimately, we want to extend this network-centric capability down to our most junior leaders—allowing them to make better decisions, quicker, with greater tactical and even strategic consequences.

Second, although technology is important, experience in Afghanistan and Iraq proves that skilled and disciplined soldiers are indispensable to our success in modern warfare. Technology plays a useful, but distinctly secondary role. We tend to elevate technology above people because the human dimension can be troublesome, undependable, and frustrating. But even our most sophisticated satellites and computers cannot peer into the mind of an enemy commander, interact with local populates, cultivate trust with coalition partners, negotiate with tribal leaders, understand societal and cultural norms, or make the instantaneous life or death decisions that win battles. Thus, we must strike the appropriate balance between a technological, network-centric and a human-cultural approach to winning the war on terrorism and beyond.

Ultimately, our fighting men and women are the key to mission readiness. 10th Mountain Division soldiers, past and present, personify the American spirit and embody its values. Far from receding in importance they are ever more clearly the key to victory. Our soldiers continue to accomplish spectacular things, overcome enormous challenges, and continually prove themselves worthy of America's trust and confidence. The measure of their individual readiness is the metric by which all else must be measured.

We must never forget the human dimension of soldiering. America's sons and daughters deserve the very best military training, but they also deserve world-class health care, reasonable compensation, educational opportunities, decent housing options, and a network of support services for themselves and their families. I am fortunate to be a part of a military community that embraces the quality of life of our soldiers as its primary mission. Fort Drum is among the very best installations in the world for soldiers and their families.

Success stories include the Army Well-Being programs that contribute to the Army's ability to provide trained and ready forces. These include child care, youth

programs, schools, recreational opportunities, and healthcare improvements. The Fort Drum Army Family Team Building program, recently recognized as the best in the Army, plays a particularly vital role for families undergoing present and future separations due to operations overseas. Another is the Residential Communities Initiative, which holds the promise for greater availability and quality of housing for military families.

Consistent with the Army Campaign Plan, the 10th Mountain Division is rapidly transforming into a modular, capabilities-based force while simultaneously supporting ongoing operations in Afghanistan and Iraq. The success of the modular force is apparent from a series of recent command post exercises at Fort Drum and the first of two brigade-level training rotations at the Joint Readiness Training Center, Fort Polk, Louisiana. I am confident that our experience with modular conversion fully supports the Army's goal for an increasingly versatile, adaptive, and efficient fighting force.

An integral part of our transformation experience includes "reset," a parallel process of replenishing worn-out combat equipment as units return from Afghanistan and Iraq. Reset is a priority—a bill that we must pay. Otherwise, we risk our readiness for sustained campaigning in the war on terror and beyond.

Consequently, resetting the force will not be a one-time event. In some cases equipment from previous deployments is left behind in theater for follow-on units to use, or otherwise requires reconstitution due to combat operations in some of the most inhospitable conditions found anywhere in the world. As equipment ages and wears it requires reset or replacement, often on very short time-lines as units train and prepare to re-deploy to Iraq or Afghanistan. High operational tempo and the environment in which we conduct operations cause accelerated degradation of equipment. This requires a sustained commitment if combat capability and readiness are to be maintained.

But just as there are challenges to resetting, there are also opportunities. The process of transforming a unit following a recent deployment is facilitated by the momentum and focus that comes from the deployment experience. In this environment leaders are able to see the value of the modular force initiative and its promise of enhanced joint interdependence capability.

Soldiers returning from overseas deployments often share a joint and expeditionary mindset that conditions them for future campaigns. This future is assisted by reenlistment incentives that play an invaluable role in retaining a force that is tailored, trained, and motivated. The Army's new stability initiatives, especially Life Cycle Manning, allow us to retain their precious combat experience and remain in a high state of readiness for extended periods of time.

As we work to transform and reset units returning from overseas, we are also leveraging their experience in order to better train and equip them in the future. Ongoing operations in Afghanistan and Iraq, for example, make clear that the logistical support needed to conduct sustained operations is more challenging than ever. In particular, we are operating across noncontiguous, nonlinear areas of operation involving complex multinational and interagency support relationships.

In both Afghanistan and Iraq, the security situation and compromised or limited local transportation infrastructure have created a situation where coalition forces do not always control contiguous supply routes. There are areas of relative calm and security, but the process of moving between and among them often creates extraordinary management and planning challenges.

In Afghanistan, for example, there are situations where soldiers and units are primarily dependent upon solitary supply routes stretching hundreds of miles. Security precautions add an imposing planning and resource requirement that hinders an otherwise optimal use of available logistics assets, including coordinated ground convoys and aerial resupply.

The challenge for logisticians is being met by increased connectivity, particularly satellite-based communications that facilitate reliable information flow across the battle space or provide reachback to the United States. Satellite technologies allow real-time requests for equipment and supplies that cut response times and increase overall efficiency.

Other focus areas for logisticians include development of an accurate, responsive, and timely distribution network; the ability to move equipment and supplies from transportation centers at ports and airfields; and an integrated supply network. As in all such challenges, the success of the mission is directly attributable to the selfless dedication and hard work of our people—soldier, civilian, and contractor, who make up the energetic team that ultimately gets the job done. Nothing would move without them.

In terms of training the force for current and future operations, our observation is that America has the finest trained fighting force in the world. Every effort con-

tinues to prepare our young men and women for the challenges they will face in Iraq, Afghanistan, and elsewhere. This preparation includes leadership development designed to foster a culture of innovation and increased institutional agility. Our goal is to train soldiers who are confident in themselves, their equipment, their leaders, and fellow soldiers. The Soldier's Creed, Army Values, and the Warrior Ethos are reinforced in all we do.

Unit training is an extension of the focus on the soldier. It is designed to instill mental and physical rigor while engendering a refusal to accept failure. This is particularly important in the context of the new modular force, where key training and education will focus on developing an expeditionary capability to deploy and fight interdependently with our joint partners in complex terrain with little or no notice. We have seen the value of our efforts to continually capture, study, and leverage lessons learned from recent operations across the joint force. Individuals and units are trained using realistic scenarios, both at Fort Drum, the Combat Training Centers, and the recently implemented Joint National Training capability developed by Joint Forces Command and the Services.

Transformation has afforded the 10th Mountain Division the opportunity to translate many lessons from Iraq and Afghanistan into critical training opportunities for our soldiers. These include valuable language and cultural programs that provide our soldiers with the sensitivity and linguistic skills to understand and converse with the populace. This capability enables an "every soldier a sensor" approach in gathering information and developing intelligence.

Soldier acculturation is too important to be relegated to last-minute briefings before deployment. The Fort Drum Language Training Facility is an important response to these new training requirements. The goal of our cultural and language awareness program is a full spectrum approach to language and cultural training encompassing maintenance for Army linguists, specific training for small unit leaders, and fully resourced courses designed to support qualified linguists for future mission requirements.

With three full time language trainers, the 10th Mountain Division has a command language training program and cultural awareness library in one consolidated training center. Here, the language training programs are complimented by a cultural awareness library containing materials pertaining to theater specific cultures, including a digital library accessible by all soldiers on Fort Drum. By fusing both the digital and physical training environments together, and stressing the importance of cultural awareness and language capabilities, 10th Mountain Division soldiers are better prepared to understand the operational environment today and into the future.

Similarly, we are currently working on a system of modular structures that can be arrayed in different configurations to replicate urban areas, road blocks, and forward operating bases. The idea is to train units and soldiers in way that develops familiarity and confidence with what they will face in Afghanistan, Iraq, or elsewhere. Other key initiatives include increased ammunition allocations to improve soldier live-fire training, a focus upon key battle drills, and an emphasis on effects-based operations employing lethal and nonlethal capabilities from across the Joint team. The 10th Mountain Division has also instituted a number of programs to help our combat veterans deal with Post-Traumatic Stress Disorder, including a unique partnership with Yale University.

In terms of equipping the force, our soldiers deserve the very best protection and equipment money can buy. Our challenge in this area has been twofold. First, the process of equipping the force for current and future operations is conditioned on our ability to rapidly recapitalize old equipment; and second, to acquire needed upgrades to existing stocks and systems.

The 10th Mountain Division has directly benefited from a number of recent programs that help us fill unit and soldier equipment shortfalls. These include the Rapid Fielding Initiative, which leverages commercially available "off the shelf" technology to fill needed requirements rather than waiting for traditional acquisition programs to address the shortages. Another, similar program is the Rapid Equipping Force that typically uses commercial and field-engineered solutions to quickly meet operational needs. The critical contribution such programs have on mission and unit readiness cannot be overstated.

The challenge for the future is to develop capabilities that provide overwhelming dominance for the individual soldier at the point of the spear, specifically our soldiers who conduct the brutal, often deadly, and close tactical fight. We must put American technology, intellect, and resources to work to ensure the success and safety of the young people who perform this difficult task. This means rapid spiraling of new and promising technologies into the current modular force, integration of current combat lessons in areas of doctrine, organization, equipment, and other

key elements, and eventual incorporation of advanced capabilities developed in the Future Combat Systems program. The goal is to enable our soldiers to see first, understand first, act first, and finish decisively.

The 10th Mountain Division is aggressively reshaping to achieve greater joint and expeditionary capabilities, winning the war today as we prepare and posture for the future. We also remember the ultimate sacrifice made by soldiers on behalf of our Nation. For them, and those who will follow, we remain committed to maintaining the finest possible fighting force with essential capabilities for the fight we face today, and tomorrow.

Our young men and women represent the best of their generation, and continue to exceed every expectation for courage, dedication, adaptability, and selfless service. As we wage war and transform the Army, I cannot emphasize enough the fundamental importance of the men and women who are at the center of all we do. Their values and commitment are the cornerstone for the wars we fight, and the peace we will ultimately win. I appreciate your continued strong support on their behalf.

Once again thank you for the opportunity to appear before you today. I look forward to answering your questions.

Senator ENSIGN. Thank you, General.
Admiral McCullough.

**STATEMENT OF RADM BARRY McCULLOUGH, USN,
COMMANDER, CARRIER STRIKE GROUP SIX**

Admiral McCULLOUGH. Yes, sir.

Mr. Chairman, Senator Akaka, distinguished members of this subcommittee, I am extremely pleased to be here today and have the opportunity to testify before you on the readiness of the *John F. Kennedy* Carrier Strike Group.

This strike group enjoyed an extremely successful 6½-month deployment to the U.S. Central Command area of operations from June to December 2004. During this deployment, our aircraft flew a total of 1985 combat sorties in support of Operation Iraqi Freedom, including 67 strike events that delivered 74 weapons. U.S.S. *John F. Kennedy* and Carrier Air Wing 17 conducted flight operations for 16 to 18 hours a day, for 16 straight days, in support of Operation Al Fajr, the liberation of Fallujah from international terrorists and anti-Iraqi forces.

In addition to the air mission over Iraq, the *John F. Kennedy* Strike Group provided a visible presence in the vicinity of the Central and Southern Arabian Gulf oil infrastructure to deter and, if necessary, destroy international terrorist organizations, enabling unhindered commerce throughout the Arabian Gulf, and contributing to theater security cooperation efforts.

I address the following in my testimony: the key training and equipping factors and events that prepared our units for the 2004 deployment; in-theater maintenance and logistics; personnel morale and family-support programs; the state of readiness upon our return from the deployment; and requirements to again deploy to a forward theater in support of the Navy's Fleet Response Plan, if necessary.

Mr. Chairman, on behalf of the United States Navy and the *John F. Kennedy* Carrier Strike Group, I appreciate your continued support, and I stand ready to answer your questions.

[The prepared statement of Admiral McCullough follows:]

PREPARED STATEMENT BY RADM BARRY McCULLOUGH, USN

Senator Ensign, Senator Akaka, and distinguished members of this subcommittee, I am extremely pleased to have the opportunity to testify before you on the readi-

ness of *John F. Kennedy* Strike Group (JFKSG) prior to and during its 2004 deployment (07 June–13 December 2004), and on the state of the group's readiness upon return to the Continental United States (CONUS).

JFKSG returned from a 6½ month deployment to the U.S. Central Command Area of Operations (CENTCOM AO) on 13 December 2004. The JFKSG consisted of Carrier Air Wing 17 (CVW 17), U.S.S. *John F. Kennedy*, *Comdesron 24*, U.S.S. *Vicksburg*, U.S.S. *Seattle*, U.S.S. *Spruance*, U.S.S. *Roosevelt*, and U.S.S. *Toledo*. The 69 aircraft of CVW 17 consisted of a mix of fixed and rotary wing aircraft, including 44 strike aircraft (34 F/A 18Cs and 10 F14 B+), representing nearly 40 percent of the strike and 47 percent of the electronic warfare assets in the CENTCOM AO last summer and fall. Additionally, CVW 17 deployed with some of the most advanced capabilities in the fleet including Hawkeye 2000 with Cooperative Engagement Capability (CEC), F/A 18C Hornets with Advanced Technology Forward Looking Infrared (ATFLIR) and Multifunction Information Display System (MIDS), and EA-6B Prowlers with Single Channel Ground and Air Radio System (SINCGARS) radios and USQ-113 communications jamming in the EA-6B Prowlers.

The Cruiser/Destroyer ships completed their scheduled maintenance availabilities prior to November 2003 and U.S.S. *John F. Kennedy* completed an extensive predeployment maintenance availability in November 2003. The carrier's work included repairs to main steam piping, flight deck catapults, main boilers, critical C4I equipment, and ship's air conditioning. An important factor is that the Target Configuration Date (lockdown date for system baseline) for all Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) equipment upgrades in JFKSG was before the Intermediate Phase of predeployment training, allowing us to identify and correct any potential problems that arose with these systems prior to the advanced phase of training and deployment. It also allowed us to train with the equipment, with which we deployed. CVW 17 received the majority of its planes and associated equipment by February 2004. The Band 2/3 Pods that provided required EA-6B jamming capability were received as a turn-over item in theater from the George Washington Strike Group in July 2004. The F/A-18C Advanced Technology Forward Looking Infrared (ATFLIR) capability was received just prior to deployment. This was problematic from a training perspective and is being worked hard by the OPNAV staff and the technical community. There are currently 14 Band 2/3 Pods in the Navy inventory, three more will be procured this year. These will be replaced by the Low Band Transmitter that will be installed in the EA-6Bs and the follow on F/A-18G. Initial Operational Capability for the Low Band Transmitter is in 2007. Inventory objective for this capability is 195. ATFLIR pods are now being produced at the rate of about one a week and entering the fleet in a steady stream. 34 will enter service this fiscal year.

Anytime a Carrier Strike Group (CSG) deploys, we work to prepare our dependents for this lengthy separation period. Fleet and Family Service Center and representatives from the Family Advocacy Program conduct seminars for our service-members and their families to discuss issues associated with lengthy deployments (e.g. Money Management, Navy and Marine Corps Relief Society, American Red Cross, Chaplain Services, Suicide Prevention, Anger Management, Single Sailors, Operational Security, Hurricane Preparedness, and Wills and Powers of Attorney). JFKSG completed this predeployment preparation in April and May 2004.

From a training perspective, leading up to the 2004 deployment (originally scheduled for July 2004) we knew from extensive Navy commitments to Operations Enduring Freedom (OEF) and Iraqi Freedom (OIF) that we could be required to deploy earlier. As such, we structured the predeployment training schedule to be ready to go as early as April 2004. Central to this commitment was the theme of bringing forward in the schedule as many key training evolutions as possible. Our goal was to complete the equivalent of all intermediate phase training requirements in the January 2004 CSG underway period and leverage off of every resource and service we could obtain. The JFKSG coupled all Carrier Unit Level Training (ULT) events (Tailored Ships Training Availability (TSTA) Phases I, II, and III and the Final Evaluated Problem (FEP)) into one at sea period for the first time. CVW 17 embarked and completed Pilot/Flight Deck Crew Carrier Qualification prior to these ULT evaluations. In the same underway period JFKSG conducted a self-designed, integrated, joint and combined exercise we called Surge Exercise. We used 47 opposition force aircraft and 2 submarines, gained joint experience with U.S. Air Force tactical aircraft and in-flight refueling capability, and coalition exposure operating with a Canadian Task Group. This enabled the CSG to enter the actual intermediate level training period at a higher than average proficiency level in most warfare areas (e.g. Air Warfare, Strike Warfare, Anti Submarine Warfare).

Our success in preparing for deployment was built on early integration of the team as often as possible at sea, weapons delivery repetitions, and training to stand-

ardized tactics. Our focus on flexibility, adaptability, and disciplined adherence to Rules Of Engagement (ROE) proved critical in combat. Early exposure to coalition forces in the training cycle meant our force was comfortable in a coalition environment on arrival in theater. The CSG completed what we now call Fleet Response Plan (FRP) sustainment training in the 84 days between completion of Intermediate Level Training and Deployment, and conducted Coalition Joint Task Force Exercise (CJTTFEX), our deployment certification event, enroute to the CENTCOM AO. Effective sustainment training, especially during the period following the Intermediate Training Phase prior to deployment, was critical to success. While no in-theater mission ever replicates exactly what we experience during our predeployment training phases, this training taught all warfare commanders to think through potential missions and develop plans to execute operations. Through these efforts, JFKSG deployed to the CENTCOM AO fully manned, trained, and equipped to accomplish our mission.

During deployment, JFKSG aircraft flew a total of 1,985 OIF combat sorties, including 67 strike events in which there were 74 ordnance deliveries. JFK/CVW 17 conducted flight operations for 16–18 hours per day for 16 straight days during Operation Al Fajr (Liberation of Fallujah), flying up to 84 extended sorties per day (160 sortie equivalents) and missing only one combat sortie. At any given time during Operation Al Fajr, CVW 17 aircraft were simultaneously over Fallujah, patrolling the Syrian border area, and flying cover for coalition forces in Mosul. Insurgent activity was prevalent all over Iraq, and U.S. Navy Forces were called upon as part of the Joint Force to terminate this activity. Navy Carrier Aviation was required in the CENTCOM AO to execute the Air Tasking Order (ATO) produced by the Coalition Force Air Component Commander (CFACC) at the Combined Air Operations Center (CAOC).

In addition to the air mission over IRAQ, JFKSG provided a visible presence in vicinity of the Central and Southern Arabian Gulf oil infrastructure to deter, and if necessary, destroy International Terrorist Organizations, enabling unhindered commerce throughout the Arabian Gulf and contributing to Theater Security Cooperation efforts. Additionally, JFKSG assumed the North Arabian Gulf Maritime Security Operations mission following the departure of the Expeditionary Strike Group Three (ESG-3) staff in early November. This mission protects the Iraqi Oil Infrastructure around Al Basra Oil Terminal (ABOT) and Khor Al Amaya Oil Terminals (KAAOT) in the Gulf, and oil distribution systems from Al Basra, down the Al Faw Peninsula, south to the Gulf.

I would now like to discuss logistics and maintenance while deployed to the CENTCOM AO.

There were no mission-impacting equipment casualties during JFKSG's deployment. Although the high Operational Tempo in support of OIF and OEF placed normal wear and tear on our equipment, we achieved 100 percent operational availability utilizing our own maintenance capabilities and superb sailors.

The Strike Group Intermediate Maintenance Activity concept provided organic maintenance and technical support for 13 aircraft squadrons, 11 ships, and Naval Support Activity Bahrain. JFKSG Sailors conducted depot level voyage repairs that in the past would have been contracted out to the private sector. U.S.S. *John F. Kennedy* alone saved an estimated \$10 million in repair costs by stressing self-sufficiency. JFK sailors expended 41,000 man-hours making these repairs. The payoff was extraordinary flexibility in meeting mission requirements.

Improvements made to JFK's avionics maintenance facility (Consolidated Automated Support System (CASS)) prior to deployment increased repair success rate to 84.8 percent. This represents a 9.2 percent increase from JFK's 2002 deployment average. JFK was the first aircraft carrier to successfully deploy with these improved processes, paving the way for future CSG deployments.

In addition to using our organic experts, Distance Support (daily e-mail and chat access to the CONUS technical community) assisted our sailors in technical investigation of and repairing malfunctioning critical systems. Years ago we would have immediately flown these technical experts from CONUS into the forward theater to assist in repairs. Technology has enabled us to be better stewards of the funds that taxpayers provide, by applying maximum effort to fix material casualties without the added cost of moving a technician into a forward theater. While we must continue to balance length of time for repairs, criticality of the system, mission impact, and overall cost, JFKSG's measure of success was zero mission impacting material casualties during deployment.

The results from our aggressive self-sufficiency and the superb technical support from CONUS experts, mostly via Information Technology (IT) reach-back, enabled us to return from deployment in outstanding material condition. There were no immediate maintenance requirements upon our arrival in CONUS following our de-

ployment that would have precluded our ability to deploy again, to go forward to any regional combatant commander's area of operations to conduct the full spectrum of Naval Operations, under the Fleet Response Plan.

Logistic support in theater was very good. While heavy lift capability can be adequately provided by Logistics Task Force (CTF 53) ships, using ships alone lengthens resupply time and delays getting critical equipment to the fight. To expedite heavy repair part delivery, CSGs deployed to the Gulf use in-theater Sea Stallion Helicopters (MH-53) to move oversized material (e.g. aircraft engines). This enables Non Mission Capable (NMC) aircraft to be returned to Fully Mission Capable (FMC) status as soon as practical. MH-53's were also used to deliver similar materials to our helicopter detachments ashore and for repair of CVW 17 aircraft diverted ashore.

However, MH-53s in the Fifth Fleet Area of Operations are deployed as Mine Warfare assets and they must balance supporting CTF 53 logistic missions with maintaining training and readiness for their Mine Warfare mission. Additionally, the aging MH-53 airframe resulted in some periods of non-availability due to maintenance and repairs, which delayed delivery of critical parts. Procurement of MH-60S helicopters and the Navy's Helicopter Master Plan will address this in the future. In the near term MH 53s and CLF ships will continue to have to provide this capability.

I would now like to talk about Intra-Strike Group Logistics and Helicopter Flight Hours. Our varied missions in CENTCOM AO require our ships to be dispersed over a large area—the entire Arabian Gulf, the Horn of Africa, and the Red Sea. Only a small number are in close proximity to the aircraft carrier. A surface combatant may only rendezvous with a CLF ship every 10 days, which significantly lengthens the supply lines for critical support. For those surface combatants in close proximity to the aircraft carrier, utilization of organic helicopters for logistics alleviates this support problem.

There are restraints on our ability to use helicopters for logistics missions. First, the helicopter squadron embarked on the aircraft carrier and the helicopter detachments embarked on our surface combatants are essential warfighting assets and must use the allocated flight hours primarily for warfighting missions. Second, the Fatigue Life Maintenance Program limits quarterly airframe flight hours. The only sea-based helicopter squadrons dedicated for logistics missions are those onboard our CLF ships. As a result, Intra-Strike Group movement of critical parts and supplies to support our ships and squadrons is problematic. Again, the Navy's Helicopter Master Plan will address this issue in the future.

The only fixed wing organic logistics asset is our Carrier Onboard Delivery (COD) detachment. However, the C-2 Greyhound is an older airframe and maintaining both the planes in our detachment in a FMC status for extended periods is difficult due to the high OPTEMPO and the extreme summer temperatures. While we often used them for logistics delivery, including some heavy lift, we always had contingency plans to move high priority parts/personnel via non-organic assets (MH-53s) in the event of primary aircraft malfunction.

I would now like to discuss a couple aircraft equipping issues while we were in the Arabian Gulf. The limited number of ATFLIR pods presents a significant challenge in the CENTCOM AO. While there is an expectation that every strike aircraft flying over IRAQ will have a third generation Forward Looking Infrared Reactor (FLIR) pod, CVW 17 was only able to provide one pod per section of strike aircraft. As ATFLIR capability is just now being fielded for operational use, we were required to turn our four pods over to U.S.S. *Harry S. Truman* (HST) upon our departure from the Arabian Gulf. While our ATFLIR pods performed exceptionally well, maintaining them required 100 percent technical representative (TECH REP on-board entire deployment) support to sustain readiness levels. This TECH REP was also transferred to HST on our departure. ATFLIR capability is essential in limiting collateral damage while executing Urban Close Air Support (CAS) missions, especially at night.

Additionally, the three Electronic Attack Band 2/3 Pods for the EA-6B Prowler were turned over to us on our arrival in theater. This capability is used in critical Stoplight (a specific jamming technique in support of ground forces) missions. Our EA-6B aircrew and maintainers had no experience with these pods prior to actual combat operations.

Finally, regarding Airwing flight hours, we were augmented to meet all operational tasking without any major maintenance requirements above those directly associated with routine flight hour based maintenance. Operational flight hours were augmented to specifically meet air coverage requirements.

Turning now to personnel, morale was high and remained high during JFKSG's deployment. The JFKSG enjoyed record setting advancements this deployment due

to an aggressive mentorship and training program. Additionally, JFKSG sailors achieved superb numbers for Warfare Qualifications; a testament to the professionalism of today's Sailors. Due to the highly successful deployment, the high September 2004 advancement rate, strong warfare qualification numbers, Zone A retention (0–6 years of service), while slightly below average in fiscal year 2004, improved significantly in fiscal year 2005 and is currently above Navy average. Our sailors were fully trained, properly equipped, and fully believed in the mission they were executing, and it showed.

As I previously mentioned, due to its routine deployment cycle, the Navy has established an outstanding support network for its sailors and families, both ashore and at sea. While deployed the Navy Morale, Welfare, and Recreation Organization provided services to both the sailors at sea and the family members at home (e.g. reduced entertainment ticketing prices, reduced tour prices, USO services). Each sailor also has his own internet e-mail account and access to telephones through the Sailor Phone Program. These paths allow communications between sailors and their families at unprecedented levels. On a not to interfere basis, Video Teleconferencing was made available to sailors for special events, like the birth of a child. Additionally, Navy and Marine Corps Relief Society provided a financial and psychological safety net for the sailors and families at home. In the weeks prior to our return from deployment, the Fleet and Family Support Center sent four members to JFKSG and conducted Return and Reunion Training on board each ship (e.g. New Parents, Reunion and Intimacy, Automotive Purchase, Anger Management, Suicide Prevention, Domestic Violence Prevention). Similar training was conducted for the family members back home. Additionally, a Virginia State Trooper augmented JFKSG individual unit safety standdowns prior to return to CONUS.

Following deployment, JFKSG completed a comprehensive training package to ensure readiness was maintained. This training included a week long Multi-Battle Group Inport Exercise (MBGIE) that included ships and staffs in Norfolk, VA, Mayport, FL, and the UK, plus a week of underway sustainment training during which JFK/CVW 17 maintained certification for Blue Water Operations and the ships completed required ULT. This additional underway time proved critical in maintaining JFK's flight deck readiness at deployment levels of proficiency.

Following our post deployment sustainment period, our ships will enter routine, scheduled maintenance availabilities. The ships do not require these maintenance periods to redeploy on short notice; they are simply part of the Navy's continuous maintenance approach, ensuring our ships remain surge ready under FRP.

Mr. Chairman, on behalf of the United States Navy and the *John F. Kennedy* Strike Group, I appreciate your continued support and I thank you for this opportunity to testify. I stand ready to answer any questions you may have.

Senator ENSIGN. I want to thank each of you for being here today, and, once again, thank you for your service, especially in combat zones, but, in general, your service to this country.

We will begin 6-minute rounds of questioning.

I think something that's on all of Americans' minds, and if any of you could kind of give us a quick summary, comment on body armor and up-armoring of vehicles, where we are at this point. If we could go down the line, and if you could give a quick, at least from your perspective, what you saw and where we are, as far as what is necessary for up-armoring.

Yes, General?

General AUSTIN. Sir, I can tell you that, from my perspective in the 10th Mountain Division—and, once again, we have a brigade combat team that's deployed to theater right now—all of our soldiers are equipped with adequate body armor to protect themselves as they conduct combat operations. We're grateful for all the efforts of the members of this committee to ensure that we not only take care of the soldiers that are in theater, but also forge ahead to outfit the entire force throughout the Army. That is continuing on as we speak. The results, the positive results, have cascaded back to our home station at Fort Drum, where have sufficient body armor to outfit all of our folks back in training. I'm confident that the

units that we deploy to theater in the upcoming days will be outfitted, to the man and woman, without question.

Senator ENSIGN. Remember convoy vehicles, as well, I'd like to hear, as far as—not just, obviously, high mobility multipurpose wheeled vehicles (HMMWVs) and personnel, but also on convoy vehicles, as well.

General AUSTIN. Yes, sir. The follow-up to that, just over in Iraq here 2 weeks ago, and every vehicle that left the forward operating bases that were part of the 10th Mountain Division and 3rd Infantry Division formations were armored. So they've made great progress in theater, and that's a positive slope that continues to improve. The soldiers have great confidence in their equipment, sir.

Senator ENSIGN. General Buchanan.

General BUCHANAN. Senator, first off, I would echo General Austin's comments, but I would tell you, as a component with the fewest number that actually operate outside the wire in Iraq and Afghanistan, all of ours are very confident in the individual protection equipment that they are, in fact, wearing. Those of us that are operating vehicles, the gun trucks, as part of the convoy ops, are very thankful for all of the efforts that have been done, and all of those are, in fact, now armored.

All of the HMMWVs that we operate outside of the wire in both fields are either—one, are up-armored or they have the bolt-on kits, except for, I will tell you, there are a couple of locations in the southern part of Iraq where I have had to authorize unarmored for the very reason that they would sink in the mud, quite honestly, but we have taken that with a very careful view toward the risk itself in making that happen. But all of our airmen are extremely confident. I know that we are moving forward to ensure they are protected as much as possible in this dangerous environment.

Senator ENSIGN. General Metz.

General METZ. Sir, as we moved into Operation Iraqi Freedom II, we were challenged to get every soldier moving in the country with body armor. As the rotation continued, we had every soldier in body armor. Today, like at Fort Drum, at Fort Hood, and across the Corps, all soldiers have the body armor.

I visited hospitals, and soldiers and marines in the field, that can attest that body armor saved their life, and they are confident in that body armor. They wear it with discipline and with the knowledge that it will protect them.

When we began Operation Iraqi Freedom II, we were moving formations in, based on a mission analysis that said we needed about one-third armor and two-thirds motorized. In that particular time, we were beginning to field those up-armored HMMWVs. When General Casey arrived, he challenged me to get to the point where no soldier or marine left a forward operating base without up-armor. Shortly thereafter, the summer and fall of last year, battalion-commander level leadership, were making conscious decisions and doing risk analysis if anyone left a forward operating base without an up-armored HMMWV. We achieved the goal of no one leaving those bases without up-armored vehicles on February 15, just after I departed. But, those vehicles that up-armor—whether it's an up-armored HMMWV or add-on armor to larger trucks and transportation vehicles, has saved lives, and it has been a success-

ful program to protect our soldiers, marines, airmen, and sailors that are driving in many of the convoys across the country.

Senator ENSIGN. Okay. Just so I have it right, the convoys, nobody leaves now without—even on the convoy trucks—they're all fully armored.

General METZ. Yes, sir.

Senator ENSIGN. Okay, thank you.

General SATTLER. Sir, I'd just chime in on what everyone else said—the body armor is 100 percent right now. The Small Arms Protection Inserts (SAPI) plates that are out there, as General Metz said, constant stories of courage and valor for those SAPI plates going on, mano a mano, saved the lives of warrior soldiers, sailors, airmen, and marines in the fight. The enhanced SAPI plates that are being developed right now will take that to an even higher level, and I thank you very much for the funding to go ahead and procure those enhanced SAPI plates.

On the vehicles, when the MEF was told to go back, it was evident that the MEF was going to go back—this would be over a year and a half ago, a little over a year ago, in the late fall—we did not have all of our vehicles up-armored at that point, because the initial fight did not display the improvised explosive devices that were starting to come on during the insurgency. When funding was made available, and the ingenuity of industry, we were able to up-armor every vehicle before the MEF came in, in February or March a year ago. It was first-generation. It was three-sixteenth-inch armor, but that was what was available, 100 percent of the vehicles, both HMMWVs and seven-ton trucks.

Over the course of the year, thanks to additional funding, we were able to put a second generation of $\frac{3}{8}$ -inch armor on those vehicles where we improvised our own kits. We all started the flow the M1114 up-armored HMMWV, built from the factory.

General Metz cross-leveled across the force as our boss, he took the HMMWVs from those who maybe weren't quite as critical a need for them and cross-leveled when we brought our two Marine Expeditionary Forces in, giving us over 100 up-armored HMMWVs to go ahead and give to the marines that were come in with those into the Najaf and Karbala area, and we kept those for the entire time they were there, and then they were transferred to the 155 Army—the Army Enhanced Separate Brigade that came in that replaced them. So it was oriented towards the area it was needed. Once again every vehicle that would leave a compound was, in fact, up-armored.

The last part of that is, as the additional Mark-1114s (M1114s) come off the line, General Metz set it up, and General Vines executed it, that the Marines received 100 of the Army's delivery coming off the line because of the shortage that we had. So it's truly been a joint solution.

But, I will close by saying that we've had armor since the day we got there. We've made it better, over time, as production and technology improved it. It's been shared across the force to make sure that the warrior, on the darkest, most dangerous road, the most frequent, received it first. So it was prioritized by need, not by Service parochialism. I'm proud to say that, sir.

Thank you very much, sir.

Admiral McCULLOUGH. Mr. Chairman, we obviously have much less requirement for this capability than my land-service brethren. The sailors we put out on our maritime intercept operations are currently protected with Kevlar jackets, which are susceptible to penetration by small arms. The Navy is in the process of purchasing—and, in fact, we've outfitted our first two crews with improved jackets that are not susceptible to that capability, for operations in maritime intercept operations during noncompliant boardings. We appreciate the funding for that, and we're quite satisfied with that capability.

Senator ENSIGN. Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman. I want to thank you for holding this hearing. Our hearings have been meaningful and helpful in our work here in the U.S. Senate. Mr. Chairman, I want to thank you so much for your efforts towards ensuring that our troops are, and continue to be, the best trained and the best equipped. Mr. Chairman, you know that you have my support in doing this.

I want to add my welcome to the panel here. I would like to tell our witnesses that we do appreciate what you and the brave men and women of our Armed Forces are doing for our country. All of you have put your lives on the line to protect our country. Our servicemembers are in our thoughts and in our prayers, and they have our sincere gratitude for their dedication and their sacrifices.

We, in Hawaii, know firsthand of these sacrifices from the time away from home and families through the ultimate sacrifice of giving one's life in service to our Nation. In January, over 30 marines lost their lives in a helicopter crash in the Anbar province of western Iraq, and most of them were stationed at the Marine Corps Base in Kaneohe, Hawaii. So, I have every confidence in our U.S. Armed Forces and their ability to excel at whatever we might ask of them, but I'm concerned about the strains we are placing on them and the long-term implications of this sustained high tempo of operations.

General Sattler, I understand that your forces are having readiness problems today because of the shortage of equipment left back in the United States when so much of our equipment is needed for the units currently deployed to Central Command. Obviously, we need equipment for our forces to train with, but we also need to get into our depots to repair and reset it after all the wear and tear of operations in the desert. But, the same piece of equipment cannot be in two places at once. Any equipment you don't have is going to have to be taken from someone else, who will then be short.

The question is, how are the marines allocating equipment among stateside units? I know this affects all the Services to one degree or another, so our other witnesses may also wish to respond to this question.

General SATTLER. Senator, when we came back, when the II Marine Expeditionary Force moved in behind us, a conscious decision was made to leave the equipment in place. It would not have made sense to load up the equipment and push it all back to the States, paying the transportation and the delay costs, doing the same thing with the unit coming in, especially in the area of communications, where, to set up the delicate communications gear and get

the architecture and the backbone situated, to tear that down and rebuild it to take ours back would not have made sense.

The timing for the other unit to train before coming over required them to hold their gear, mainly in the Camp Lejeune and the Cherry Point, North Carolina, arena. So where we stand right now, sir, the agreement was, we would leave everything that was required for the forces coming in. As we came home, we are now in the process of cross-leveling the equipment within the Marine Corps. We're taking some equipment from units that are in the Pacific to bring it out towards Camp Pendleton, and some of the equipment that was left in Camp Lejeune there at North Carolina is, in fact, now moving towards Camp Pendleton and towards Twentynine Palms.

Just yesterday, a trainload of 156 pieces of principle land items and numerous containers of communications and electronics gear just arrived at Camp Pendleton. It's being broken out right now.

So, you're right, sir, you can't have a set at Camp Lejeune, a set at Camp Pendleton, and a set in Iraq, because it's a shell game; someone doesn't have a pea under their shell, if you'd excuse the analogy there.

What we will do, though, is we will cross-level the gear over so that—we're coming back at a—as you can imagine, sir, at a very high proficiency level. But, that'll start to atrophy as we fell off the gear. When the equipment moves in, we will be able to identify, by this coming Friday, any shortages that can't be neutralized by the cross-leveling, and then those will be brought forward to our headquarters here in Washington to facilitate another possible solution. There are other options that we could go ahead and go to, sir.

So, to answer your question, it is a problem right now, as I sit here. We do not have the necessary equipment if you sent us to war tomorrow, but we have the capability, and we know we could get the gear there to meet up with us. It's just getting that training set in place. Hopefully, sir, within 30 days, I'll be able to tell the committee that that is, in fact, taken care of.

Senator AKAKA. General Metz?

General METZ. Sir, the Army's in a very similar situation as described by General Sattler. We focus on, first of all, ensuring that units going into theater are fully equipped. The next focus is to ensure that those units have the equipment to train with—in this case, in Iraq.

It will be a continued problem as we, I think wisely, leave that equipment. We just discussed up-armored vehicles; they need to stay, for the protection of those soldiers in the theater. But I think, as we continue to grow the force, there will be training sets available, and we will ensure that units going into theater have full complements of equipment going in at—that they need to take, and then fall in on the stay-behind equipment.

Senator AKAKA. General Buchanan?

General BUCHANAN. Sir, from our aircraft units we are actually in good shape. The only place that we're running into problems, quite honestly, is, as new technologies come onboard, designed to assist us in a very precise application of air power in the war on terrorism, we are finding we cannot field the capability fast enough.

A very good example are the targeting pods. Our fighter air crews across all Services, all of us have the older-generation Low Altitude Navigation and Targeting Infrared for Night (LANTIRN) pods, and we are now fielding the new, more up-to-date LITENING and Sniper pods, but we don't have them in the near numbers. So, I would tell you right now, today if you were talking to my air crews, they would tell you that, as the new pods come onboard, what's happening is, about 6 months prior to their deployment, we deliver some pods to them for them to then practice with them directly, although it is a directly transferrable skill from LANTIRN to Sniper, or LITENING—Advanced Technology (AT), before they, in fact, deploy, because it's—I want to make sure that, as we apply air power in support of our brothers and sisters on the ground, that we can do it as precisely as possible, and the new technology coming onboard can allow us to do that.

The system is in place to acquire and produce these new pods as they come onboard. That is the only place, quite honestly, where I'm running into some difficulty, as you described.

Senator AKAKA. Admiral?

Admiral MCCULLOUGH. Yes, sir. I'll just add on to what General Buchanan said. Our shortage was in advanced-technology, forward-looking infrared (FLIR) devices, the third-generation FLIR pods. My strike group deployed with four of those. We received those just prior to our deployment. It's an expectation of the Combined Forces Air Component Commander (CFACC) that each aircraft section will have a third-generation FLIR pod when it goes over to the beach. The Navy is addressing that issue. We will purchase 34 more of these Advanced Targeting Forward Looking Infrared (ATFLIR) pods in fiscal year 2005, and the production rate has gone up to about one a week. In the out years, there will be about 55 per year.

The other issue we had was with jamming pods for our EA-6B Prowlers. I received three of those as a turnover item in theater. There are 14 of those, Navy-wide. We will procure three more of those this year, and they will be replaced by low-band transmitters. It'll be backfitted into the Prowlers, and will go into the Prowler replacement, the F-18Gs.

Other than that, we were in really great shape.

Senator AKAKA. General Austin?

General AUSTIN. Yes, sir.

Sir, there's no question that, you're absolutely right, continuous engagement does present us with some challenges, in terms of personnel and equipment. The Army's meeting the personnel challenge by transforming and creating more modular brigades that will eventually have the effect of slowing down the OPTEMPO, because we'll have more brigades to enter the rotation.

In terms of the equipment, the Army's reset program has enabled us to quickly refurbish equipment and return it back for use to the soldiers. That's a program that's working well, and I think it's a bill that we must continue to pay in the future.

We are also prioritizing our equipment to those soldiers that are going to combat next, and that has been a success story for us, thus far. We don't have any major issues with that. But, once again, we front-load the soldiers and the units that are going next into combat.

Senator AKAKA. Thank you, Mr. Chairman.

Senator ENSIGN. Before I go to Senator Cornyn, General Sattler, I just wanted to revisit something that you said, real quick, just to maybe clear it up, about if you go to war tomorrow, having the necessary assets to do that. From what I understand, you would have the necessary assets from the prepositioned assets that you have, is that correct?

General SATTLER. Mr. Chairman, there are prepositioned assets. There's a complete—we have normally three complete brigades sets of gear that are afloat at sea that can be vectored into any theater to link up with the forces that are moved in by Strategic Aircraft (STRATAIR) with the preponderance of the heavy equipment being there.

Without getting into too much detail, sir, some of the communications and electronics equipment is not prepositioned because of its delicacy, because of its constant change; therefore, it's brought in with the warriors. The communications and electronics gear that was left in the theater is one of the key items which we're cross-leveling right now.

So, sir, we would be able to go. It would be somewhat not our normal movement, because the unit would normally pack up and take it and meet up. They'd still pack up, but we'd bring—push in the Communications-Electric (Com-Elec) gear in from one side, the principal end items coming in off the ships, and the warriors coming in by air. So, we'd still bring it all together, but it's not the way we like to do business, sir. Some of the Com-Elec gear, because, to be totally candid, when we got into the counterinsurgency fight, our normal table of equipment had to be expanded, what you needed to fight. What we thought we would need to fight, over time, because we're all an adaptable force, we changed to adapt, to stay one step ahead of the enemy. So, some of the equipments that would have a battalion may have gone in with X, we found out over a course of time they needed X-plus-Y, so the plus-Y, the production lines weren't running, so we—as General Metz said, and General Austin, we pushed that to the ground forces that need it. So you really have more than just a MEF set of equipment in the theater.

So those shortages are being counterbalanced, also. As Senator Akaka said, sir, we're pushing some stuff back through the maintenance cycle, and it may require some just flat-out new procurements, sir, because some of the gear is stretched to the point where it cannot be in two—in some cases, three—places at one time.

Senator ENSIGN. Just really quickly, this subcommittee would make the request to any of the Services, since you've returned, if there is anything that you need. We're doing an emergency supplemental right now, and if there are items that you've identified since that time that were not included in there, the quicker that you could get those lists to us, the better chance that we have of getting those items to you.

I need to recognize Senator Cornyn.

Senator Cornyn, thank you.

Senator CORNYN. Thank you, Mr. Chairman.

General Metz, you noted in your written testimony that the feedback loop between ongoing operations in Iraq and the conduct of training at home has allowed deploying units to rapidly assimilate

the lessons learned by the units in the fight. Could you comment on how well you think we are doing that and what some of the benefits that you've seen are? If there are areas we need to do better in, we'd like to hear about those, too.

General METZ. Yes, sir.

On the top end, I would use the Stryker brigades as an example. One was there in country when I arrived, and while we were in Operation Iraqi Freedom II, we changed out the Stryker brigade. Those two brigades have the latest command-and-control equipment. The incoming brigade at Fort Lewis, Washington, was able to, in almost realtime, to watch the fight that its sister brigade was conducting in Iraq. They would listen to, and be able to pull down off of Web pages, the orders for the in-theater fighting unit and use those actual orders and terrain in simulation to fight and train. So they were doing what we call "left- and right-seat rides," virtually for almost 6 months. So I watched the second Stryker brigade come in and make a very smooth transition because of that training. That's on the top end.

For individual soldiers, there are all sorts of lessons learned. The sharing of those lessons learned, those are formal programs that are piped through Fort Leavenworth. The Center for Army Lessons Learned helps manage that. So, that's there on the individual side.

The collaborative communications that's available to units now lies somewhere in between that individual collaboration and the top end, as I just mentioned, the Strykers.

We have extensive predeployment site surveys, where leaders come in and understand the fight and are able to take the lessons learned back. So, sir, across the spectrum, that information is flowing that assists the next generation to be able to fight the fight better, because it's an ever-changing fight. In their training programs, they're constantly revamping the training program to be ready for the kind of fight that they'll face once they're out of the country.

Senator CORNYN. General Sattler, would you care to comment on that?

General SATTLER. Sir, the lessons learned are also shared across all Services. General Metz had a program while we were in country that any of the divisions—Army, Marine, didn't matter, or coalition partners—any tactics, techniques, and procedures, you either identified the enemy as using or you came up with a counter to it that worked, those were shared on our video-teleconferences nightly, plus they were shared at the operation-and-training officer level. So it was totally open for anyone who had a great idea, they got it on the table, and everyone grabbed it and they ran with it.

The same with our training back here, same as General Metz indicated, we change our training package to get the warriors ready. As we come up with new tactics, techniques, procedures, new equipment, it's integrated back here before it goes over into the theater.

I will tell you that there's a process that came to be known as the Urgent Universal Needs Statement (UUNS), which permitted the warriors forward to identify a problem, but not come up with a solution. That was pushed back to our warfighting labs, and then it came back, where the U.S. Congress gave the service chiefs the discretion to go ahead and buy commercial off-the-shelf equipment

that would solve the problem at hand. I will tell you that in some cases in less than 90 days, the problem was identified, the solution was found, the—I'd say 90 percent—maybe some cases higher—solution was found to already exist in industry, and the item was pushed back over and in the hands of the warrior, and it was either savings lives or it was taking the enemy on in ways the enemy didn't know, with capabilities they didn't know we had. So, I would say, sir, that has been a tremendous help.

It's a combination of that technology with the well-trained, well-honed warrior who knows how to use it that is keeping us a step, hopefully two steps, ahead of the enemy.

Senator CORNYN. Thank you very much.

Since time is somewhat limited, let me go to another question, and maybe, General Austin, can you give us a sense of how much better improved our response to the improvised explosive device (IED) threat has been over the last, say, year or so? Are we doing a better job about finding those before they go off, and could you, sort of, give us your sense of where we are now?

General AUSTIN. Sir, I think we're doing a much better job. I think that that's an issue that is continually worked, both in theater and back here at home station, by all of the land forces.

Your comment, or your question, about lessons learned, earlier, I think, improvised explosive devices is one of the areas where we've really capitalized on the ability to move lessons learned across the military very rapidly. I think what we see now is that we see fewer soldiers being killed by these, which means that we've learned to protect ourselves better. We've also learned to discover IEDs better. I think that both the Army and the Marine Corps continue to work that issue.

It's a success story for us, sir. We're nowhere near where we need to be, but I think that what I saw last—2 weeks ago in Iraq was great improvement over what I saw when I left the theater earlier.

Senator CORNYN. General Buchanan, I've been impressed by what I've seen, in terms of what the Services have been able to do for wounded soldiers, airmen, marines, and sailors, in terms of those who were actually injured and the relatively small percent of soldiers, sailors, marines, and airmen who actually die of their wounds. I think a lot of that is attributable not only to good-quality medicine, but to the medical evacuation (MEDEVAC) provided by the Air Force. Could you speak to that, in your experience, what changes you've seen that have improved in the quality of survival?

General BUCHANAN. Yes, sir. First off, you're absolutely right, but I think it's multifaceted. I think part of it goes back to what General Metz was talking about earlier, about the body armor is protecting the torso area from a lot of what would have been lethal wounds. I think what you're finding right now is the self-aid buddy care that the soldiers, marines, and airmen that are on the ground at the time that an individual is wounded, they are giving immediate care that is very critical, that golden-arrow, lifesaving. At the same time, too, I would have to give great credit to the Army and Marine MEDEVAC helicopters that go into the hostile hot zones, pulling folks out, and getting them back to level-two, level-three care very quickly.

At that point, it has been amazing to me, and I think to all of us, to see what the medical community of all Services have been able to do in a very dirty, dusty, expeditionary environment, literally doing brain surgery in tents and stabilizing individuals and getting them ready. Then, as you say, as soon as we possibly can, and we have them stabilized and able to fly, then we will put them on a C-17 and get them back to Landstuhl as quickly as possible, out of harm's way.

I think it truly has been a joint effort, and many parts and pieces that go into this. It does, in fact, make you feel awful good to walk through the hospital at Balad or someplace else and see those young kids in the wards, and knowing that, had that system not been in place, the body armor been in place, the up-armored HMMWVs been in place, the training been in place for the buddies who were right there, and the MEDEVAC crews of both helo and fixed-wing, and then the docs that we have in place, they would not be in those wards today.

Senator CORNYN. Thank you very much. My time has expired.

Senator ENSIGN. Senator Clinton.

Senator CLINTON. Thank you, Mr. Chairman. Thank you for holding this hearing.

I welcome all of you here. I'm especially pleased to see General Austin, the commanding general of the 10th Mountain Division in Fort Drum, New York. He has done a fabulous job leading the 10th Mountain Division, which, for the record, is the most deployed division in, I think, not just the Army, but any part of our armed services.

I'm also pleased to see General Sattler. I had a very informative and inspiring visit to Fallujah and appreciated very much the briefing that General Sattler and his team gave us about the action in Fallujah and the eventual victory over the insurgents.

I wanted to start by asking General Austin, the 10th Mountain Division has been at the forefront of the Army's transformation to modular brigades. With the change to modular brigades, as you pointed out, we have two additional brigades, one at Fort Drum, one at Fort Polk, and I know that this transition creates certain challenges for both leadership and for the soldiers themselves. How would you assess the change that's occurred to modular brigades? Do you have any advice or any lessons as that modularity is unfolding that we need to be learning from and perhaps responding to.

General AUSTIN. Senator Clinton, I think that we are, indeed, learning from ourselves as we go through this transformation process. The 3rd Infantry Division was the first to transform. We went to school on the 3rd Infantry Division, and, therefore, were able to avoid some of the issues that they were faced with, because we learned from them. They were great in sharing their lessons.

In terms of challenges, I think anytime you move to a new formation, there will be some challenges, because there are some unknowns. I think our force has dealt with that very effectively.

But I think the real issue with transformation is that we will be more capable, we'll have brigades that are highly deployable, that are self-contained, and all brigades will be standardized. So, I

think, in the end, we will provide a great capability to the joint commander, joint force commander.

In the 10th Mountain Division, we're about three-quarters of the way through our transformation. One of the transformed brigades is going to deploy to Iraq here in July. They've done a magnificent job of getting themselves set, training up their leaders. I think that they will be much value-added once they get on the ground.

But, to answer your question, Senator Clinton, I think we've handled the challenge very well, principally because we've learned from those units that have gone through the transformation process earlier.

Senator CLINTON. Thank you.

I listened carefully as all of you responded to the chairman's question about the body armor and the armored vehicles—the HMMWVs, the convoy vehicles—and the one thing that I'm not sure any of you can address, but perhaps, General Metz, you might be in the best position, we continue to hear stories, mostly from the field, that our Guard and Reserve units are not as well equipped as active-duty. We have 40 percent over our overall force in Iraq being Guard and Reserve, and at least, if you were to check my e-mails and my letters and the comments I get from parents and spouses, we still aren't there yet. Do you have any assessment that you could share with us about the state of equipment for the Guard and Reserve troops that are either there or on their way to being deployed?

General METZ. I think we mapped the challenges back into the mobilization process, so that when the Guard and Reserve units arrive at the mobilization station, we owe them a good look at their equipment so that we identify right away what they may be short, because, as we know, they could very well be short. As they go through that training process and that identification, our goal is to ensure they don't go north of the berm in Kuwait without the right equipment and are trained to use that equipment. My experience was that those enhanced separate brigades that were combat brigades, in the combat support and service support units, once in Kuwait and coming north, were correctly outfitted with the equipment and had the training to conduct themselves successfully. Once in country, I saw no difference in the performance of those brigades than any other brigade. They were one of, at one point, 23 U.S. brigades in country, and we task them and use them just as they were active. The performance of those soldiers was equal to the active-duty soldiers.

It's a process all along the continuum to ensure—and we owe them that—to ensure that they are trained and equipped before we put them into harm's way.

Senator CLINTON. General Sattler?

General SATTLER. Senator Clinton, if I might. First of all, ma'am, I—lest the 1st Marine Division association hunt me down like a dog, I must say that, as much as I love Lloyd Austin, the climb-to-glory 10th Mountain Division, the 1st Marine Division has also done two complete pumps into Iraq. I don't want to split hairs on it, but I have to at least get that on the table, because—[Laughter.]

I have to go back to my family when this is all said and done. [Laughter.]

But on the Guard, the one 155 Enhanced Separate Brigade out of Mississippi came in to replace the two Marine Expeditionary Units that were ashore. Those were two full-up Marine units that had Najaf and Karbala. When General Metz brought them in, they were fully trained up, they did the predeployment site survey. When they showed up, we did about an almost 3-week right-seat/left-seat ride, where they married up with the two Marine units, and they traded tactics, techniques, procedures, and environmental as assessment—things you can only pick up from being on the ground. When they left, when the Marines pulled out, the National Guard brigade had that throat to Baghdad for two major events, the Ashura, which is the big pilgrimage, followed by the Arbreen. They did marvelous in both.

So, I will tell you that there's a little bit of training that needs to be done, as General Metz indicated. When they came onboard, we embedded some of our marines, mainly in the high-tech areas of communications. They had the enthusiasm and the energy. They just needed a little bit of tweaking on it, and they were off and running. So, I would second what General Metz said, ma'am.

Senator CLINTON. Thank you very much, General.

Admiral, I just wanted to ask you, in your statement, you say your strike group deployed to the CENTCOM AOR fully trained and equipped. I know there have been some changes in the Navy's east coast training in the last few years. Could you elaborate on whether the Navy's current training locations and procedures on the east coast allow our naval forces to prepare and train for the assigned missions they're being given?

Admiral McCULLOUGH. Yes, ma'am.

Our training on the east coast is very good to prepare us for deployment. We used to use the range at Vieques, in Puerto Rico, to qualify our surface ships and naval surface fire support. When we left Vieques, we've developed, using acoustic devices and timing and synthetic geography that's put in our combat systems to enable our ships to qualify in that tactic at sea. We have no use for a live-fire range, per se, for naval gunfire support. We've used the ranges at Pinecastle and Avon Park, in Florida—and we thank the State of Florida very much for making those available to us—that have enhanced our capability to get our air wings ready to go. We also deploy the air wing to Fallon to undergo its strike training in the State of Nevada. So, I can unequivocally say that our forces are more ready today to deploy than they ever have been in the past.

Senator CLINTON. Thank you.

Thank you, Mr. Chairman.

Senator INHOFE [presiding]. Since I'm the last Republican left, I guess I'm chairman here. [Laughter.]

First of all, let me say to you, General Sattler, I don't know how you're doing it, but you're doing a great job of selling the Iraqis on your marines. I had an occasion, just a couple of weeks ago, to be with General Mahdi, who was actually a brigade commander for Saddam Hussein, who hated Americans. Once he started training with your marines at Fallujah, and then went into this embedded training concept, they became so close that he looked me in the

eyes and said, "When they rotated the marines out, we actually cried." Is there anything in particular you're doing that is causing that kind of an allegiance with the Iraqis?

General SATTLER. Senator Inhofe, I think we found—and General Metz was all part of this—our initial concept to train the Iraqis was to train them, to come up with a program of instruction to train them, to teach them tactics, techniques, and procedures. But, the piece we were missing was the mentoring. The mentoring comes with embedding. I think when we failed, or some of the Iraqi security forces out in the west failed, last April, it truly came down to a total breakdown in failure in leadership. Our warriors are, I believe, are extremely well led, from the noncommissioned officer all the way up through the senior officers. When the first gunshot is fired, all heads turn towards the next senior leader. If the squad leader does not have the confidence of his squad, the house will start to come apart at that point. Sir, and that's what we ran into.

So, the focus became embedding, get the leaders beside us, spend time with them, live with them, teach them through our actions, become more paragons, rather than just instructors and teachers. That is what the embedding is doing. General Casey and General Metz, starting on 1 February, drove the embedding process down across all forces, Army and Marine, sir. I think that is a tremendous positive step, and it's why I am extremely optimistic about the Iraqi security forces coming online even faster—with capability, not just numbers, sir.

Senator INHOFE. Well, I think it's working, and it's working very well. I don't want to sell the Army short. That was me, I was in the Army. Up at Tikrit, we saw very much the same thing. In fact, we were there about the time that the headquarters was bombed. Ten Iraqis died, 30 were injured. That's when all 40 of the Iraqi families, each one substituted a member of their own family to take up the training, the void that was left by the death or injury of the other members of the family. So, we've done a great job there.

The reason I spent all that time in the Sunni Triangle, I thought that's where things were supposed to be the toughest. But, in terms of relations it's working out very well.

I am a little bit concerned about where we go in the future. Normally it's after a conflict and, in this case, after the OIF and the OEF, there is a period of time when people are not as concerned about it. Somehow they think it's over. I chaired this subcommittee, Mr. Chairman, back during the 1990s, after the first Gulf War, and there was this kind of this euphoric attitude that, "Well, the Cold War is over, and this war is behind us; therefore, we don't need a military." We had the downsize. We had a lot of our modernization programs just abruptly stopped, or at least slowed down. That always seems to happen.

Now, on the other side of that, you see, in looking at, historically, where we've been, I can recall when Secretary Rumsfeld came in for his first confirmation. I said, "How are we going to handle this when we look at the ups and downs and what seems to happen after a conflict." He came out with this thing, saying, "Well, you know, for a hundred years in the 20th century, the amount of money spent on defense amounted to an average of 5.7 percent of gross domestic product (GDP). Late in the 1990s, it got down to 2.8

percent. Now we're about 3.4 percent." I said, "Where should it be?" He said, "Probably around 4½ percent."

So, it's a two-part question I'd like to have all of you comment on. I'd like to have your ideas on where you think we should be, looking out? Are we going to have a problem, after this particular operation is over, of going through the same thing that we did after the first Gulf War?

General METZ. Sir, I'd like to take that one on, initially, here. The first thing I would call everyone's attention to is that this joint team that we have learned to fight, especially in the battles over the past 3 years, continues to share the lessons learned, and really understands how to fight the fight. I'm confident that we have learned the lesson from history that we should not prepare for the last battle; we should think our way through for the future battle. I know, in the case of the Army, redesigning itself into a modular force that would be able to deploy into future battles under new formations. Using the Information Age technology, we will be getting ready for those future battles, as I'm sure the other Services are doing.

So, I'm confident we will work, intellectually, to do that. I think it's important to note that to grow the battalion squadron and ship commanders of the battle a decade from now, we have to continue to give them the robust training experiences and education experiences that allow them to know what to think, in the case of training, and how to think, in the case of education.

It will be a challenge, because we do, indeed, have an enormous—in the case of the Army, and I think it's true of the other Services, too—requirement to reset the force. We have used almost all of our equipment extensively now for 2 years. So, that equipment will need to be recapitalized, and, in most cases, brought back to just about new states in order to train with it and have it ready for future fights.

So, again, we saw that procurement bathtub in the 1990s. There's a potential for that as we come out of this conflict. If we can avoid that and keep the Services' equipment reset, regenerated, and we can use it for training and then it's ready for war, we can escape the problems we had in the early 1990s.

Senator INHOFE. All right. Well, there's going to be pressure on you, I mean, after this is over, because there always is. You can downsize now, the war's over. We've gone through so many of these, we should know better. But we look to you, as the professional people who will be the leaders at that time, to come out and be outspoken. Any other comments on that?

Yes?

General SATTLER. Sir, just very quickly. I agree with General Metz, the resetting of the force—the supplemental is going to be crucial here, because there's a lot of things that you can't predict on a 5-year budget when you get into a counterinsurgency-type operation. So, I agree, and I think all the Service Chiefs will stand tall and say, "This equipment has to be replaced." You can only rebuild something so many times. When you're putting 10 years every year on your gear, sir, that's going to be a big one we're going to have to own up to.

The second one is that we must continue to bring in the high-quality recruit, the bar steel that comes into our recruit depots, which can then be forged into, in our case, United States Marines that are adaptable, that think on their feet and can cover the entire spectrum of war from full-out kinetic operations all the way across the spectrum to rebuilding, to stability and support operations.

So, those are going to be two challenges that, if we lose our eye on those two, I believe we will be in trouble down the road, sir.

Senator INHOFE. That's good, because it's coming at a time when we're going in—as, General Metz, you and I talked about the future combat system, and transitioning into whole new concepts. They're better concepts. I don't like to have things slide. But, right now we're looking at deployment at 2008 for certain parts of these systems, and we should have learned that we can't really anticipate the future—where the battle's going to be, what type it's going to be. I remember once, Mr. Chairman, when I was serving in the House—on the House Armed Services Committee and this was probably about 15 years ago—somebody was saying, and testified, that in 10 years we won't need ground forces anymore. I mean, so it just goes to show and I'm talking about smart people. So, we need to be prepared. I'd like to have all of you be looking into the future when this thing's over and thinking, “You know, it's not over. We just need to transition. We need to keep it up.”

Thank you, Mr. Chairman.

Senator ENSIGN [presiding]. Senator Nelson.

Senator BILL NELSON. Thank you, Mr. Chairman.

Gentlemen, thank you for your service to our country.

Admiral, in your statement you talk about the U.S.S. *John F. Kennedy* group returning, and you say “The results enabled us to return from deployment in outstanding material condition. There was no immediate maintenance requirements upon our arrival in the continental United States (CONUS) following our deployment.”

Admiral McCULLOUGH. Yes, sir.

Senator BILL NELSON. Admiral, is the U.S.S. *John F. Kennedy* seaworthy?

Admiral McCULLOUGH. Yes, sir. The ship is seaworthy. The way the Navy has organized its maintenance and deployment schedules under the Fleet Response Plan, when a carrier strike group returns from deployment, it is a sustainment phase to be able to redeploy, if necessary, to support a contingency operation. Kennedy strike group was in a sustainment phase until 1 April 2005. During that period, the carrier went to sea and performed carrier qualifications for the training command. We participated in a multiple battle-group in-port exercise that was followed by a sustainment-underway period in which we embarked about 75 percent of the air wing and conducted operations at sea to maintain our readiness, to maintain our capability to operate under no-divert certification environment.

That said, the carrier requires extensive work, as all of our older aircraft carriers do, to remain in service. There's something that deal with boilers and in-shafting, catroff sheathing, underwater haul tanks and voids that are required to maintain that aircraft carrier. In no way would that have affected our ability to deploy

again to a forward theater, if called upon during our sustainment phase.

Senator BILL NELSON. Thank you, Admiral. You don't know how your comments are going to help me in the next 12 hours.

General SATTLER. He does know. [Laughter.]

Admiral MCCULLOUGH. Yes, sir. I'd submit to you that that my focus, as a carrier strike group commander, is operational readiness to forward-deploy a group of ships and airplanes to a forward theater to use as the regional combatant commander and the component commander dictate. I'd defer to the Chief of Naval Operations' (CNO) testimony and the Secretary's testimony on force-structure issues.

Senator BILL NELSON. Now you're giving all kind of qualifiers. [Laughter.]

Just answer my question, and you already have.

Admiral MCCULLOUGH. Yes, sir.

Senator BILL NELSON. That she's seaworthy. Okay.

General Metz, the National Guard and Reserve units aligned in your commands—I'm concerned that the Guard and the Reserves are not getting the resources necessary to reset their units, and, therefore, are not capable of achieving a level of readiness necessary to prepare them for another deployment. What is your responsibility for monitoring the readiness of your aligned or affiliated Guard and Reserve units?

General METZ. Sir, the III Corps does not have an alignment with a Reserve component or particular units. We have, in the past, and continue some relationships, especially with those in Texas, around Fort Hood. The 24th Division, at Fort Reilly, does have a relationship with three enhanced separate brigades (ESBs) in the east coast, and the 7th Infantry Division at Fort Carson does have a relationship with light enhanced separate brigades.

The tough part about their equipment is, the stay-behind equipment that we have asked them to leave, and we will need to work carefully, as they return, from an Army point of view, to replenish that equipment. I'm not familiar with the programmatic of how the Department will replace that equipment, but I do know that, as we restructure our force into modular formations, the Reserve component, to include the National Guard enhanced separate brigades, will go under that restructuring and receive the equipment to make them combat-ready as we bring them back on the force. Sir, I just don't have the knowledge of the programmatic that the Department has. But, I can report that across the Corps footprint, when we are required to help in the mobilization process, we get extensively involved in checking that equipment to ensure that when they deploy, they are outfitted and trained correctly.

Senator BILL NELSON. Are you concerned that you're not getting the re-enlistments in the Guard and the Reserves to give you the supply that you need?

General METZ. Yes, sir, I am concerned. In the Corps, the Active-Duty side, we have exceeded our mid-term and career re-enlistments, and, for the year, are 8 percent under right now on the first-termers. But, I'm confident we will make that up as the year goes on. Where we are having difficulty is, a soldier that wanted to get out of the active service, we could re-enlist them for the Re-

serve components, either U.S. Army Reserve or the National Guard. Those soldiers exiting are doing that at a much slower rate, and I think that the Reserve components depended on them over the past years. So, there's going to be some challenges ahead with our Guard and Reserve units because of that.

Senator BILL NELSON. Admiral, when you are training, you have a carrier out in the Atlantic or in the Gulf, and they are going in to train over Pinecastle or Avon Park. What's a typical training mission? How many bombing runs will they make on a typical training mission?

Admiral McCULLOUGH. Well, they'll make a target identification pass, and then, dependent on the range and what you're allowed to drop in a range, whether it's inert or it's live, they'll make a pass on that target. So, typically, each air crew will make one pass per day. I'd have to go back into the training and readiness metrics and tell you how many individual passes a pilot has to make for his squadron to achieve a certain level of readiness. I don't have that in front me. But, it's more than one. I can't tell you what the exact number is.

Senator BILL NELSON. What is the typical regimen for training? A carrier would go so that their flight crews could go and do this training over Pinecastle or Avon Park, how frequently during a year?

Admiral McCULLOUGH. The typical cycle for a strike group is about 27 months, so that'll encompass one set of work-ups, sustainment training, as required, prior-to- and post-deployment. So, I could envision where you have one set of requirements to certify the air wing to deploy. So that would be one set of training. There could be some follow-on training as part of a sustainment prior to deployment, depending on the time when the air wing was certified and when the actual deployment date was. Then, dependent on the length of time the air wing was in sustainment following the deployment, there may be another time. So, in the course of 27 months, I could see that there may be three iterations of this required. Historically, we've done it once. But, as we develop the Fleet Response Plan, I could see where you may end up with three sets of this, potentially.

Senator BILL NELSON. You mentioned the—I don't remember the words that you used, but what, in effect, was a virtual target that you create, by image or telemetry or whatnot, and it's out in the middle of the ocean.

Admiral McCULLOUGH. Yes, sir.

Senator BILL NELSON. Talk to us about that.

Admiral McCULLOUGH. It's a set of acoustic sonobuoys. I think it's about six. You lay them in a pattern in the water, and, dependent upon where the fall of shot is, and the time delay of getting to each one of the sonobuoys in the array, you can tell where geographically, that particular round fell. On top of the radar system and the combat system of the ship, they'll inlay a synthetic geography that corresponds with the sonobuoy field. Then, depending on where the sonobuoys said the shot fell, you can put that in the synthetic geography to tell whether the shot fell in the right place or whether the ship was in error.

Senator BILL NELSON. Yes, that was the term used, synthetic geography. So, theoretically, you could train that way, over the water, instead of having to train over land.

Admiral McCULLOUGH. Are you referring to aircraft, Senator?

Senator BILL NELSON. Yes.

Admiral McCULLOUGH. In that I don't fly, I don't really feel qualified to answer that. I'd tell you that I don't think it's beyond technical ability that we could develop something like that.

Senator BILL NELSON. Thank you.

Senator ENSIGN. I want to thank the panel. I had a whole second round of questions that I—and I think all of us would, but we wouldn't have time to have another full round of questions. So, I think, instead of doing that, I had a lot of questions on morale, logistics, the safety of the aircraft, and the grounding of the C-130s, and the increased use of airlift instead of ground transportation, and what that's doing with our fleet. So, if, as quickly as possible, we could get all of you to respond to the written questions that any of the panel has, we'd very much appreciate it.

Once again, I want to thank all of you for your great testimony today and answering of questions with forthrightness. This committee looks at our role with you as a partnership. It is our job to supply you with what you need to make sure that those warfighters on the front lines have the tools that they need to, not only defend our country, but also to liberate people, when it is their job to do so. They are doing an unbelievable job.

General Sattler and I sat down yesterday and heard some just incredible stories. I've been over to Iraq twice, myself, and I keep getting amazed. Where do we find the men and women in uniform that we have? We don't deserve them, and all I can tell you is, I feel very blessed by our Creator to be living in this country, with the freedoms that we have, and all of us owe that debt of gratitude to those of you who are willing to don that uniform. For that, from the American people, from the U.S. Senate, I say thank you to all of you, and God bless you.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN ENSIGN

LOGISTICS

1. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, ensuring that the men and women under your command receive the resources to fully enable them to conduct their missions while deployed remains a paramount concern of this subcommittee. The Defense Department has a supply management goal of delivering "the right items to the right place at the right time." Few would argue that logistics operations are a key element of these contingencies operations and mission success. Have the supply chains in Afghanistan and Iraq matured so that deployed units are getting "the right items at the right place at the right time?"

General METZ. The supply chain in Iraq has matured significantly since the end of the first rotation in support of Operation Iraqi Freedom (OIF); although insurgent activity on the road network and against base camps continue to cause delays in the delivery of supplies, the impact is negligible, and units receive their required support in a timely manner. The logistics infrastructure inside Iraq has increased from one general supply hub to four, which has stockage redundancy and the flexibility to provide support from multiple locations. Additionally, the increased use of strategic sources of supply from countries other than Kuwait (Jordan and Turkey, for example) has built flexibility into the supply chain. For example, the delivery of fuel initially came solely from Kuwait; with requirements in excess of one million gallons of fuel per day, we faced significant challenges in keeping fuel moving on

the battlefield when insurgents interdicted the main route between Kuwait and locations in the heart of Iraq. The addition of bulk fuel sources of supply in Jordan and Turkey allowed us to adjust delivery schedules, routes, and locations to offset or neutralize temporary delays on other routes.

Improvements in strategic and operational air routes and airfields also contributed significantly to the maturity of the supply system in Iraq; the increased throughput of supplies via intra- and inter-theater airlift drastically reduced customer wait time, as many supplies are now flown directly into critical logistics nodes rather than being delivered by surface transportation. The extensive employment of Air Force C-17s, Army CH-47 helicopters and C-23 "Sherpa" airplanes, Marine CH-46 helicopters, and commercial air companies such as National Air Cargo and DHL have taken numerous trucks off of the dangerous roads in Iraq, keeping soldiers out of harm's way and increasing the speed at which supplies reach the units that need them.

Finally, the establishment of the Defense Logistics Agency's (DLA) wholesale warehouse in Kuwait has significantly improved the timeliness of supply distribution within the Iraqi Theater. Previously, the majority of bulk supplies came into Theater from the United States via sealift or from Germersheim, Germany via ground delivery; the shipment time was over 30 days from the U.S. and over 2 weeks from Germany. Currently, Defense Logistics Agency's forward positioned stocks in Kuwait allow supplies to reach units within 3 days of request; the only bulk supplies still coming from the U.S. or Germany are low-demand items that are not time-sensitive to the conduct of combat operations.

General SATTLER. Our experiences in Operation Enduring Freedom and Operation Iraqi Freedom once again brought home the fact that the greatest logistics challenges we face are in the realm of tactical distribution of material. Our ability to see and control the movement of supplies and equipment on the battlefield is paramount as we wage the global war on terror. Although the supply chains in Afghanistan and Iraq have matured significantly, enhancements are still being made to further improve logistics support to deployed units. When we deployed in February 2004, our Supply Management Unit (SMU) was augmented with transportation and packaging experts to establish a single process owner to manage the supply chain. Distribution Liaison Cells from the SMU were placed at key distribution nodes to include the Theater Distribution Center and Corps Distribution Center to manage and expedite cargo from the strategic through operational to the tactical distribution pipeline. The pure pallet packaging process initiated by DLA and TRANSCOM was a great success and saved countless man-hours in sorting, and dramatically reduced Order Ship Time (OST). The direct channel route cut down the requirement to put convoys on the road, reduced OST and provided us with the capability to deliver logistical support where and when our marines and sailors needed it.

General BUCHANAN. Senator Ensign, we have worked diligently to improve supply support to our deployed forces. In the early days of OEF, deployed forces relied on satellite communications to relay consolidated resupply requests. This was both time-consuming and costly. However once telecommunications were established, normally less than 5 days, supply support is significantly improved and computer systems are immediately set-up to manage resupply of our Expeditionary Forces. (All current contingency locations have computer support in-place).

Supply support, for both combat support and combat service support, has improved, in part, due to the vigilant efforts of our Regional Supply Squadron (RSS), monitoring supply requisitions daily from the origin to the final destination. In conjunction with units and the Air Combat Command RSS, we have established High-Priority Mission Support Kits to ensure high priority/high demand assets are on hand or on the shelf when needed. Deployed commanders are provided daily updates which enable them to make informed decisions regarding the prioritization of maintenance schedules as well as sortie generation. Additionally, the coordinated efforts of aircrews from Air Mobility Command and established contracts with commercial carrier such as Federal Express, DHL, and UPS, high priority assets are sourced and delivered by the most expeditious means possible. These coordinated efforts have greatly enhanced our Supply Chain Management, warfighting capability and provided each contingency location with the means to execute their designated missions.

General AUSTIN. There has been a marked improvement in the logistics situation in Afghanistan and Iraq over the last year, in large measure due to the systems and innovations developed by soldiers and leaders on the ground. The Joint Logistics Command in Afghanistan is doing an outstanding job in this regard.

Overall, the evidence indicates that ground logistics in Afghanistan and Iraq have improved, and that soldiers are getting the important supplies they need. But there is no denying that non-contiguous lines of communication, security, and communica-

tions are a continuing challenge. In 2003, the reliability of host nation transportation and limitations on the placement of radio frequency tags on civilian trucks, were a particular challenge since they limited our ability to track or predict the delivery of supplies. Integrated technologies that allow logisticians to anticipate supply demands represent a key solution as we look to cut response times from supplier to soldier.

Admiral McCULLOUGH. As the Navy has been operating in the U.S. Central Command Area of Responsibility for decades, Navy supply chains to the Arabian Gulf are mature, enabling deployed Navy units to receive parts, people, fuel, and mail without significant delays. Ship's operating outside the Arabian Gulf, in the Horn of Africa (HOA) and the Red Sea areas, have the longest supply lines. Ships operating there depend largely on Combat Logistics Force (CLF) ships for critical support. HOA and Red Sea ships may only rendezvous with a CLF ship every 10 days, which significantly lengthens supply lines, but does not significantly degrade the Navy's ability to operate effectively and meet all operational requirements.

2. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, what can this committee do to further enhance logistics operations and what technologies or operating concepts are demonstrating to be particularly useful?

General METZ. The committee can enhance logistics operations by supporting the following:

1. Ammunition production must be increased at factories that supply our munitions. The worldwide shortages of 5.56mm, 7.62mm sniper rounds, artillery illumination, aircraft countermeasure flares, and HELLFIRE significantly challenge the resupply of units in combat. This often forces the use of ammunition not specifically designed for the task or significant redistribution between combat forces. In some cases ammunition expenditures are higher because of sustained enemy activity. In other cases national munitions providers were not prepared or funded for the increased requirement. Increasing the funding for ammunition will ensure national providers can put the right munitions into units' hands at the right time.

2. Funding new equipment for logistics units. Combat units have the most modern, survivable vehicles on the battlefield. However, logistics units continue to use decades-old vehicles and technologies, which often degrade their survivability. Up-armored vehicles have provided logisticians with improved survivability, but the requirement remains an organic light-armored convoy security vehicle since ground convoys will continue to be the primary means of resupply on the battlefield. In Iraq, we used Strykers to escort supply convoys, which substantially improved convoy survivability. However, this prevented us from using some of the Strykers for other combat missions. Several prototypes of light-armored vehicles exist that are comparable to the Stryker, and would meet the needs of logistics units.

3. Continued funding for improvements to current logistics vehicle systems. Similar to uparmoring HMMWVs and the crew cabs of other vehicles; this program should be extended to support armament enhancement on the cargo and bulk fuel tanker trailers. Current technology does not allow for the up-armoring of bulk fuel tankers; the weight of an up-armored fuel tanker is too heavy to haul. Fuel is the most critical battlefield supply and is the number one target for insurgents. We must pursue a reengineering of fuel hauling assets that maximizes protection while retaining speed and mobility.

4. Logistics vehicles lack communications. Unlike combat vehicles, only one third of logistics vehicles is equipped with a radio, and one out of five has satellite tracking technology—the "Movement Tracking System (MTS)." As a minimum, every vehicle should have a radio, and satellite communications systems (MTS or other technology) available in sufficient numbers to provide greater coverage for convoys. The pursuit of greater funding for communications assets by this committee would significantly enhance logistics operations on the battlefield.

General SATTLER. Lessons learned from OIF I identified the lack of asset visibility and in-transit visibility to be significant contributing factors to the overburdening of the supply pipeline and general lack of confidence in the supply system. The accelerated fielding of Radio Frequency Identification (RFID) capability to enhance In-transit Visibility (ITV) has been a huge success. The presence of existing infrastructure allowed Marine Corps assets to be positioned farther forward, supporting the link between operational and tactical levels of support. Further, the acquisition and employment of RFID infrastructure at all major USMC installations, coupled with existing Army/DOD infrastructure within the theater, has allowed Marine Corps units to benefit from enhanced nodal visibility through the Army's ITV servers. Headquarters Marine Corps focused on extending this capability forward to provide

the same visibility beyond the Theater and Corps Distribution Centers (TDC/CDC) to Marine Corps Combat Service Support nodes. In those cases where RFID infrastructure is non-existent, satellite tracking devices have been placed on convoys to track supply deliveries. The Logistics Common Operating Picture (LCOP) I MEF initially used was called Joint Deployment Logistics Module, now known as Battle Command Support Sustainment System (BCS3), to monitor ITV information. The ability to make decisions, prioritize and redirect cargo based on accurate information widely available from LCOP resulted in greatly improved supply support less than a year after the humbling experience of OIF I; however, there still exists a requirement to further integrate the LCOP into a single Common Operating Picture. Continued support of Marine Corps logistics modernization efforts is critical to our success in enhancing logistics operations. A key enabler to logistics modernization is the Global Combat Support System-Marine Corps (GCSS-MC). By implementing GCSS-MC we will attain world-class logistics command and control capabilities. GCSS-MC is a deployable, integrated logistics solution for the Marine Air Ground Taskforce that will facilitate centralized order management and integrated capacity management capabilities for all elements of logistics. We expect GCSS-MC to reduce legacy, stove-piped logistics systems from over 300 to about 68. GCSS-MC is compliant with Joint Requirements Oversight Council standards to ensure seamless integration with other DOD systems. It will provide a shared data environment for in-transit, in-stores, and in-maintenance asset visibility that will ultimately provide the warfighter confidence in the logistics system.

General BUCHANAN. Senator Ensign, there are several technologies and processes that we are using successfully including aggregation of personnel movements, radio frequency identification (RFID) and the use of the Acquisition and Cross-Servicing Agreements (ACSA) program.

To the maximum extent possible, the Air Force is putting contract lift airlift directly into Air Force installations. Large groups of personnel are aggregated at stateside installations based on their required deployment dates and final destinations and are flown en masse directly to the final destination. The process has proven to be very successful at aligning theater airlift with strategic airlift and reducing wait times, especially at transportation hubs. The average time spent at hubs was previously 24 hours–2 weeks, but is now at 12–36 hours. The aggregation process is still being fine tuned, but the process has already decreased deployment stressors on airmen, decreased travel time, increased visibility of forces, and maximized the use of theater airlift assets.

ACSAs are rapidly becoming the method of choice for providing or receiving support to/from foreign forces. The use of ACSA by USCENAF and USCENAF-gained units has skyrocketed from zero transactions in 2001 to more than \$5.8 million in transactions for fiscal year 2004 and has often proved invaluable in meeting emergent needs of deployed forces. Despite some statutory/regulatory issues associated with ACSA authorities, the USCENAF staff, and most especially our young men and women deployed to forward locations along with their coalition counterparts, have made huge strides in program management. Many of these initiatives have been adapted by other services or the “industry standard” throughout USCENTCOM. Additionally, we have seen growing confidence in our ability to accurately track and collect reimbursements due from foreign forces.

Additionally, the use of RFID has provided improved intransit visibility (ITV), and reduced manpower. RFID readers are set to automatically inventory cargo at designated chokepoints at our forward operating locations, eliminating the time-consuming manual inventory upon arrival.

The RFID tag provides item level data and location data, facilitating deployed commanders’ visibility into cargo status and enabling informed decisions.

While RFID technology provides better ITV than USCENAF had during OEF and OIF, we are now benefiting from commercial use of other ITV technologies that are now emerging. One of these is satellite tracking which provides true in-transit visibility vice the point-to-point location updates available with our current RFID system. During OEF/OIF the majority of our prepositioned assets moved by surface transportation (95 percent) primarily through commercial truck companies. Visibility of these shipments was lost. Recently, the contractor maintaining our prepositioned assets required commercial trucking companies moving our equipment to employ satellite tracking. This provides near real time data as assets move between sites. Beta testing is currently underway with positive results. We believe satellite tracking is the best way to provide ITV for all surface movements as RFID only provides point-to-point location updates and request your continued support which allows us to capitalize on technological advances.

General AUSTIN. As we continue to look forward, an important key for successful logistics will remain advanced communication equipment and the connectivity it

provides. The modern battlefield is less rigid and far less linear than it once was, and therefore what is required is a dynamic system that provides users with a capability to better predict requirements, and to communicate those requirements to suppliers. A good example is the Global Combat Support System, which provides commanders with web-based access to selected Service and Agency authoritative/preferred logistics and transportation databases. Improved satellite communications allow logisticians to better anticipate supply demands and coordinate that information with manufacturers, and assist with automated order and reorder of supplies. This is a critical enabler to our logistic operations. We must continue to push the satellite capability and related technology down to the lowest unit level.

Admiral McCULLOUGH. Improving logistical support to ships at sea in the Horn Of Africa and Red Sea remains a difficult issue. As discussed in my testimony, movement of oversized materials (e.g. aircraft engines, engine stands) is currently accomplished by use of intratheater Sea Stallion Helicopters (MH-53). MH-53 helicopters were crucial to the emergent movement of large aircraft parts and support equipment when embarked resources were nearing depletion or in the event of aircraft diverts. This near immediate response enabled U.S.S. *John F. Kennedy* Strike Group to return aircraft to Fully Mission Capable status as soon as practical. The aging MH-53 is being phased out and replaced by the MH-60S helicopter. MH-60S helicopters are currently embarked onboard our Combat Logistics Force (CLF) ships, being integrated into air wings on the west coast and are expected to be incorporated throughout the Navy by 2008. The MH-60S does not have the internal lift capacity of the MH-53 and therefore our capacity to conduct emergent movement of oversized material over large distances will be strictly limited to our Combat Logistics Force. In the near term, MH-53 and CLF ships complement each other in providing logistics support to our ships. In the future, sole dependence on CLF assets will likely increase supply lines for over-sized materials. Funding an additional capability for heavy lift to Navy ships would be particularly useful.

3. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, from your experience, what more can be done to enhance logistics support?

General METZ. The Department of Defense must establish a joint ammunition management and accounting system. Currently, each service maintains independent systems; this lack of consolidation limits the flexibility to meet service-specific requirements for unique munitions, and causes confusion and delay in the cross-service issue of ammunition. For example, the Army and Marine Corps use different calculations for determining Ammunition Basic Load (ABL); in Iraq, this led to misunderstandings between Army and Marine logisticians, as the Army filled ABLs to a lower level than the Marines.

Additionally, sustained funding for the Defense Logistics Agency's Prime Vendor Program will enhance logistics support to units in combat. This program allows for the rapid acquisition of non-standard supply items to support ongoing missions. Many of these non-standard items are regionally purchased, meaning that they are often in the logisticians' hands within 10 days from the time an order is placed with a DLA program manager. The best example of this program in action was the rapid procurement of lumber, generators, and other life-support equipment required for an on order mission to establish several displaced civilian (DC) camps prior to the battle of Fallujah. The Army supply system does not contain many of the items required to build DC camps, and is not responsive enough to meet the requirements for those items it does carry; the Prime Vendor program was critical to the success of the post-operational mission in Fallujah, as it allowed us to obtain the materials required to build facilities and provide sanctuary for Iraqi civilians displaced by the combat operations.

General SATTLER. We must continually examine our logistics tactics, techniques and procedures to ensure we are optimizing support options to deployed forces. We must fully integrate Global Combat Support System-Marine Corps (GCSS-MC) throughout the Marine Air Ground Taskforce to encompass aviation, ground, and combat service support logistics operations. Radio Frequency Identification must be expanded to include 100 percent of full pallets and containers moving throughout the strategic, operational, and tactical levels of distribution, worldwide. Joint common intermodal packaging will enhance the movement of material throughout the supply chain. By maintaining packaging integrity as long as possible, we improve in-transit visibility, prevent damage and greatly improve the velocity of material moving through distribution channels. We are also looking hard at autonomic logistics initiatives. We are currently programmed to provide the independent transmission of critical system data for ground tactical equipment, which will provide information such as vehicle location, fuel levels, and overall vehicle health. As tech-

nology moves forward, autonomic logistics solutions could provide proactive diagnostics information and automatically generate requisitions for repair parts before actual failure.

General BUCHANAN. Senator Ensign, our coalition friends provide an outstanding amount of mutual support, some of which we are unable to capitalize on due to current regulatory guidance.

We would urge you to carefully consider upcoming Department of Defense legislative proposals to alter and expand the authorities provided under ACSA statutes in Title 10 U.S. Code. These proposals, initiated by U.S. European Command (EUCOM) are based on critical lessons learned from OEF and OIF and would allow for mutual support agreements with international organizations of which the U.S. is not a member (e.g., European Union, Economic Community of West African Nations). This would instantly expand our capability to support multi-national global war on terror efforts.

We would also urge adoption of clearly defined procedures for international/multi-national operations, similar to what Goldwater-Nichols did for joint operations. Political-military pressures (real or imagined) to expand Coalition presence in response to urgent operational requirements sometimes interfere with Services ability properly navigate the cumbersome transactions required by law with some partners.

We seek to continuously assess the capability of USCENTAF agencies to meet statutory, regulatory, and fiscal requirements associated with management of the ACSA program and conduct of international logistics operations under the auspices of Title 10 USC.

In order to answer these and other questions, we would urge you to support continuous efforts to review tactics, techniques and procedures related to employment of foreign forces in support of U.S. military objectives.

Increased reliance on coalition partnership and Host Nation support to meet U.S. operational requirements, coupled with the wide variance in political-military considerations between and among U.S. Forces and potential partner nations, complicate USCENTAF efforts to comply with statutory, regulatory, and fiscal guidance pertaining to international and multi-national operations. The combatant commands coalition participation initiatives are often at odds with Service components capabilities to support, or gain support from, foreign forces in the field. Much of the disconnect results from disparities between combatant command goals, foreign forces expectations, and the statutory/regulatory limitations imposed on U.S. forces. Political-military pressures, real or imagined, to expand coalition force presence in response to urgent operational requirements sometimes interfere with the Services components ability to appropriately conclude required documentation of support and transactions with some coalition partners. The resulting tension would decrease if the tactics, techniques, and procedures for international/multinational operations were as clearly defined and closely adhered to as those for inter-service/joint operations.

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General AUSTIN. First and foremost, we must continue to develop, resource, and field new technologies that better communicate logistics requirements between the user and the supplier. An example would be the Global Combat Support System. This is critically important. Logistics support improves dramatically as customers and the supplier share real-time information and are able to accurately project requirements and track the status of goods and equipment. Second, given continued security concerns for transport across long, noncontiguous supply routes, we must continue to train our forces in secure convoy operations. We must also continue to leverage alternatives to ground transportation, including containerized shipments via military and contract air.

Admiral McCULLOUGH. Continue to support the MH-53 replacement, MH-60S, and the Navy's helicopter master plan.

SUPPLY CHAIN VISIBILITY

4. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, one of the early reports received from units deployed in support of Operation Iraqi Freedom and Operation Enduring Freedom was

that units did not have adequate visibility over the status of requisitions and supplies in theater. How effectively have your units been able to track their requests for supplies?

General METZ. Asset visibility improved significantly during my tour in theater and continues to improve. With the help of Defense Logistics Agency, Army Material Command and hundreds of contractors on the battlefield we were able to provide improved asset visibility and improve the order ship time for CL IX urgent repair part, CL I ration, CL V ammunition and all other classes of supply.

As we assumed authority for operations in Iraq in January, the order ship time for supplies was closing on 45 days with very little visibility of the supplies in transit due to the small number of interrogators in theater and the infrequent use of Radio Frequency (RF) tags used to identify and track the movement of supplies. By the end of our tour, February 2005, the number of interrogators in theater had tripled and the use of RF tags had improved significantly. The responsiveness of the industrial base and the item managers contributed to our improved customer wait time from 45+ days to just under 20 days in early March 2005.

General SATTLER. In an effort to capitalize on all stocks available within the area of responsibility, the Marine Corps Logistics Command developed an electronic connectivity bridge by modifying existing USMC retail-level legacy system to feed directly into the Army's Theater Logistics System known as the Standard Army Retail Supply System. As a result, during our deployment, approximately 14 percent of our requirements were filled with U.S. Army forceheld stocks. I MEF also used the Joint Deployment Logistics Module, now known as Battle Command Support Sustainment System (BCS3) to monitor In Transit Visibility information. BCS3 is the Logistics Common Operating Picture (LCOP) that was used by Commander, Joint Task Force (CJTF)-7 (now Multi-National Corps-Iraq) and Theater Support Command. Additionally, ITV data illustrating the last known shipment locations was extracted from the ITV server to create shipping status transactions that posted on supported units Due And Status File (DASF) that is part of the Marine Corps standard supply system.

General BUCHANAN. Senator Ensign, the Air Force has made great strides towards its goal of Total Asset Visibility. All requisitions from the initial request to delivery of assets to the warfighter are visible at both the Regional Supply Squadron as well as at the intended destination, through the use of the AF Portal and Standard Base Supply System (SBSS connectivity). This visibility extends to all Air Force assets in the Supply Chain no matter the priority or point of origin.

Since September 11, we have enhanced our asset tracking capabilities and are confident we know the exact location of 99 percent of our shipments at any given time. My staff and the ACC Regional Supply Squadron have received very few complaints and have been lauded hundreds of times for tracking and support of our diverse missions. Our folks track everything from base operating support assets like dog food to runway repair assets to mission critical aircraft parts.

General AUSTIN. At the onset of Operation Enduring Freedom in 2002, 10th Mountain Division units had virtually no visibility over the status of supply requisition. As the theater of operations expanded and improved, receipt of critical equipment parts and supplies improved but remained problematic. Normally, a Corps Support Command complete with a Corps Materiel Management Center provides asset visibility as dedicated customer support. This was not available in Afghanistan, and therefore our units had limited ability to track supply requests. To the credit and hard work of soldiers and civilian contractors, we were able to manage under those circumstances. It was clear, however, that there is still work to be done in the tracking of requests for supplies. Improved satellite communications and networked supply systems are improving the situation, and will continue to do so as these technologies are fielded and integrated into the logistics system.

Admiral McCULLOUGH. We were able to effectively track our requests for supplies. Information technology has provided greater visibility over the entire logistics process. The U.S.S. *John F. Kennedy* Strike Group effectively used established commercial means (e.g. DHL, FEDEX) to quickly move high priority parts to theater. Web-based tracking mechanisms enabled logistics planners to track parts from the state-side source into theater, enabling quicker movement of required materials to our ships at sea. The greatest challenge we face in this area is the high demand for statically allocated bandwidth to access these and other web-based information.

5. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, what actions have been taken to increase visibility over supplies delivered to Iraq and Afghanistan and are new technologies, like Radio Frequency Identification tags, helpful in tracking requisitions?

General METZ. Radio Frequency Identification (RFID) technology is extremely useful in providing in-transit visibility of supplies on the battlefield; it is used to track trucks, containers, and air-palletized cargo throughout Iraq. However, the U.S. military's RFID technology is outdated and insufficient when compared to the RFID technology currently in use by major commercial retailers such as Wal-Mart, FedEx, and UPS; the military's system is not nearly as integrated as these commercial systems, as it requires significantly more human interaction to provide the optimal level of detail required to effectively and efficiently track the movement of supplies. An example of this lagging technology is the relatively limited availability of hand-held tag burners; these burners allow soldiers to rapidly create RFID tags to accommodate changes in shipments, provide customized listings of supplies for shipments going to multiple locations, etc. Currently, hand-held tag burners are only available at wholesale-level supply depots, some general support hubs, and on a limited number of airfield flight lines. The increased availability of these burners for all supply units would greatly enhance the ability of these units to accurately identify items in shipment, and thereby increase the visibility of supplies on the battlefield. The Department of Defense needs to invest funding in modernizing our RFID technology, so that we can gain the same capabilities enjoyed by civilian retailers and become as proficient as they are in terms of maintaining visibility of supplies.

General SATTLER. In-Transit Visibility (ITV) was considered the largest contributor to the lack of timely and consistent supply support capability during OIF I. In August 2003, I MEF began in earnest to fix the problems of ITV, specifically using Radio Frequency Identification (RFID) tags and satellite tracking devices with the intent for all items moving in-transit through the supply chain will be visible down to document number detail and the physical location of that materiel as it moves from node to node until final delivery to the supported unit. Visibility from port to port was not enough.

RFID technology provided unprecedented levels of ITV over the movement of supplies to Marine Forces deployed for Operation Iraqi Freedom IT and has applicability to both deployment of units and movement of sustainment. The visibility of supplies on the shelf and in-transit dispelled fears and generated confidence in the supply chain. The ability to make decisions, prioritize and redirect cargo based on accurate information widely available from Logistics Common Operating Picture (LCOP) resulted in greatly improved supply support less than a year after the humbling experience of OIF I however, there still exists a requirement to further integrate the LCOP into a single Common Operating Picture.

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Technologies such as RFID have significantly improved in-transit visibility (ITV) and reduced manpower. RFID readers are set to automatically inventory cargo at designated chokepoints at our forward operating locations, eliminating the time-consuming manual inventory upon arrival. The RFID tag provides item level data and location data, facilitating deployed commanders' visibility into cargo status and enabling informed decisions.

While RFID technology provides better ITV than USCENTAF had during OEF and OIF, we are now benefiting from commercial use of other ITV technologies that are now emerging. One of these is satellite tracking which provides true in-transit visibility vice the point to point location updates available with our current RFID system. During OEF/OIF the majority of our prepositioned assets moved by surface transportation (95 percent) primarily through commercial truck companies. Visibility of these shipments was lost. Recently, the contractor maintaining our prepositioned assets required commercial trucking companies moving our equipment to employ satellite tracking. This provides near real time data as assets move between sites. Beta testing is currently underway with positive results. We believe satellite tracking is the best way to provide ITV for all surface movements as RFID only provides point to point location updates and request your continued support which allows us to capitalize on technological advances.

General AUSTIN. The Global Combat Support System was intended to provide a common operational picture for all logistics operations ranging from the ordering of

supplies at the company level and receipt of requests at Army Depots to tracking supplies along supply routes and final receipt at the unit of request.

The Combined Arms Support Command at Fort Lee, Virginia, has the lead in developing the Battle Command Service Support System (BCS3) which may further link all logistics automation tools into one all-encompassing database. These technologies have proven extremely helpful in meeting logistics challenges, and are important today and for the future.

Due to limited supply routes and unfavorable terrain, Army heavy tactical vehicles and most light tactical vehicles are precluded from conducting end-to-end supply logistics. Therefore, in many areas, a majority of supplies continue to be delivered to units via host nation transportation which is precluded from using Radio Frequency tags. Where this is the case, the tracking that tags afford is simply unavailable. It is a challenge we must continue to work through.

Admiral McCULLOUGH. Information technology has enabled government logistics organizations (both CONUS and OCONUS) as well as commercial companies to provide the end-users increased visibility on the availability of required materials, as well as the shipping status and current location of these materials as they are moved to theater. The fidelity of information provided enabled *John F. Kennedy* Strike Group logistics planners to anticipate arrival of material in theater, plan logistics movements to our ships, and provide warfighters accurate estimated repair status as an input to the warfighting planning process. New technologies, such as Radio Frequency Identification tags were not visible to the end-user, as they were not used to feed the web-based logistics information previously discussed.

Combatant Commanders (COCOMs) have stated significant benefit from the use of (active) Radio Frequency Identification (RFID) for In Transit Visibility (ITV). This benefit is documented in several studies, including "Lessons learned from Operation Iraqi Freedom." However, as noted by Commander, Fleet Forces Command (CFFC), forces afloat relied less on technology enablers such as RFID due to inherent advantages that the fleet has in supply chain visibility.

HOME STATION TRAINING

6. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, I am curious to learn the impact of your experiences in the Central Command region on your training at home station. I noted on page 8 of General Austin's testimony his efforts to develop a simulated urban terrain at Fort Drum. How has your homestation training evolved with lessons learned from your deployments to the Central Command region? For example, how have you adapted your convoy training?

General METZ. Our home station training is continually adapted to the evolving tactical situation in theater. Operational assessments and intelligence reports feed directly back into the way we train. Multinational Corps Iraq and organizations like the Improvised Explosive Device (IED) Task Force assess changes in enemy weapons and tactics, which is shared with the headquarters responsible for training and validating both Active component (AC) and Reserve component (RC) units.

Before III Corps deployed, we modified training to address the lessons learned and critical tasks identified by central command and units in theater. My own experiences have convinced me that home station training is, and needs to remain, an evolving process. Units preparing to deploy remain digitally linked to the unit they will relieve in order to maintain situational awareness of their future mission and area of operations.

The training regimen within III Corps has evolved over a fairly short period of time to include an increased emphasis on urban operations, complete with Arabic-speaking role-players and translators/interpreters; more training on IEDs using realistic training devices; greater attention to individual and crew-served weapons training—including convoy live-fire training and reflexive fire; culture-centric training that includes basic language, customs and traditions, and increased situational awareness; more soldiers trained as combat lifesavers; and an additional emphasis on Support Operations/Stability Operations (SOSO) above and beyond our training in high-intensity conflict in our collective and staff training exercises.

Members of division and corps staffs serving in Iraq participate in the Mission Rehearsal Exercise, as subject matter experts, for the units that will replace them in order to make this training as realistic and current as possible. Consequently, these staffs are completely ready to assume the duties of their predecessors, and we can transition in as little as 5–10 days. This feedback loop between ongoing operations in Iraq and the conduct of training at home station has allowed deploying units to rapidly assimilate the lessons learned by the units in the fight. I continue

to emphasize the updating of key tasks, incorporating lessons learned and tactics/techniques/procedures, and situational awareness reports from units currently in Iraq into our home station training. One of the tools available to disseminate lessons learned is the corps' Digital Reference Center, a Web site which serves as a repository for lessons learned, both as a source of downloads for any unit to access, or as a link to other pertinent sites.

General SATTLER. [Deleted.]

General BUCHANAN. Senator Ensign, our homestation training has been continually evolving in response to the emerging requirements of the various AORs in which we are engaged. Our semi-annual Combat Air Forces Realistic Training Review Boards, annual Tactics Review Boards, and Weapons and Tactics Conferences are but a few of the forums where we address and make adjustments to our training programs.

One of the first steps we took to better support training for operations in support of both OEF and OIF was to provide guidance in each fighter/bomber aircraft Ready Aircrew Program (RAP) tasking message (the guidance document that squadrons use to build their aircrew training program), adding requirements for Flexible Air Interdiction (AI) sorties (definition from the RAP tasking message: Flexible AI missions consist of sorties primarily flown in support of nonpreplanned target sets. Tasking is generally via C2 agency (JST ARS, AWACS, JTAC, GFAC FAC-A, etc). SCAR, CAS, and TST all fall under this general category. Tasking agency can be simulated by an instructor or flight lead when actual C2 assets are not available to support.)

We added Dynamic Air-to-Ground targeting events to each of the RAP tasking messages, with the following requirements: complete an air-to-ground attack/engagement against a target/TST relayed/passed by an appropriate command and control (C2) asset. Track information should be datalinked if possible, otherwise via normal radio communications (C2 asset and relay/passing of track information can be simulated).

Strafe has been moved from a familiarization only (FAM) to a qualification required (QUAL) event in both the F-15E and F-16 RAP tasking messages (it was already QUAL for the A-10). This means crews will have more practice/experience in employing the gun in the air-to-ground environment prior to deploying.

Increased emphasis has been placed on composite force, joint, and coalition training. Our quarterly Integrated Training Conference (ITC) has seen an explosive increase in mutually beneficial training opportunities for our fighter/bomber forces with command and control assets, Air Support Operations Squadrons, Tactical Air Control Parties, and Special Operations Forces. Our Flag exercises have also made scenario adjustments to increase flexible AI, and TST training.

We currently have multiple locations that support training in the urban environment. Avon Park, Nellis Test and Training Range, Utah Test and Training Range, Mountain Home Range Complex, Melrose, Holloman, and Dare County all either have urban training complexes in place, or in the process of being built. We continue to expand these areas to provide more realistic urban environment training for our crews.

Last November, USCENTAF sponsored a pre-AEF deployment exercise (now called Atlantic Strike) to train and prepare joint air assets for urban CAS and Remote Operated Video Enhanced Receiver (ROYER) operations. We invited deploying units from all components to "train like we fight" in an urban CAS environment; USAF, USSOCOM, USN, and USMC units participated in this first-ever training. The exercises utilized actual OIF/OEF scenarios and focused on joint precision targeting, enabled by cross-cueing full motion video from targeting pods with ground-based Joint Terminal Air Controllers (JTACs). The ability of JTACs to see what the fighter pilot sees compressed the kill chain dramatically . . . in some cases to less than 1 minute from aircraft check-in through target acquisition to strike. These exercises generated practical lessons learned which we have used to develop formal tactics, techniques, and procedures for urban CAS operations. Continued JTAC and pilot familiarization with new targeting pod symbology and ROYER operations will continue to expedite target acquisition and identification, significantly shortening the kill chain. Spin-up exercises like Atlantic Strike are excellent tools to incorporate new lessons learned from OIF/OEF and provide joint training.

We are providing increased opportunities for our crews to practice strikes on moving targets with target sets now in use at the Utah Test and Training Range, Nellis Test and Training Range, and Air Warrior II, with more locations being looked at for additional target sets.

Flying units currently train for convoy escort operations at both Air Warrior and Air Warrior II. Tactics, techniques, and procedures (TTPs) are constantly evolving to counter new enemy tactics and incorporate new technologies. These TTPs are dis-

cussed at weapons and tactics conferences and are documented in aircraft tactics manuals and Mutli-Service TTP publications. We require ground convoy training for our airmen deploying into Iraq, elements of which include: weapons qualification, weapons employment, individual and team movements, land navigation, troop leading procedures, convoy operations, and urban warfare through realistic training scenarios.

Air Combat Command (ACC) has recently begun a ready-to-deploy training program required of all airmen deploying to the CENTAF AOR, now being converted into an emerging Air Staff Predeployment Training—Expeditionary Combat Skills Training program. The program will eventually transition to cover skills required to meet the emerging threat encountered in deployments into any of our AORs. Elements of the new predeployment training include: weapons issue/turn-in procedures, load bearing equipment/body armor, M-16 maintenance, use of force ROE, combat skills (challenging, cover and concealment, movement techniques, action on contact, reaction to fire (direct/indirect), ill/reaction to IEDs, Salute reporting, fighting positions, air base defense, Integrated Base Defense, rifle fighting, and practical field exercises.

We have accelerated the incorporation of datalink capability onto targeting and reconnaissance pods. ROVER transmit capability is being installed on Litening AT and Sniper pods to provide a real-time targeting pod video link with JTACs. A datalink capability is being developed for TARS pods to provide near-real time imagery dissemination to intelligence analysts, exponentially increasing the relevance and utility of this system to prosecute fleeting high-value targets.

General AUSTIN. The 10th Mountain Division has captured and studied the lessons learned from the CENTCOM AOR, and modified our home station convoy, marksmanship, first aid, and cultural awareness training as a result. Our units operate principally in a motorized manner, and therefore we now conduct convoy operations and convoy live fire training as part of every major battalion-sized training event. The short range and quick reflexive marksmanship needed primarily in urban environments like Iraq, and the long range mountainous marksmanship needed in Afghanistan have led us to develop an advanced rifle marksmanship program for our combat arms leaders. The dispersed nature of the battlefield, particularly in Afghanistan, led us to train and equip our soldiers to conduct medical self-aid. We have also trained and equipped soldiers throughout our formations as combat lifesavers—capable of performing many Army medic functions above and beyond first aid.

In addition, our medics attend Emergency Medical Technician (EMT)-level training prior to deployment to elevate and enhance their skills.

Our experience in the CENTCOM AOR has also taught us the importance of understanding all aspects of our operating environment, including our cultural environment. Based on this, we developed a cultural awareness and language training lab at Fort Drum to enhance our soldiers' and leaders' capabilities in these areas. We also incorporate cultural awareness training and role players into our major training events, and provide similar training to individual soldiers as a deployment prerequisite.

Admiral McCULLOUGH. Carrier Strike Group training is supported by numerous commands, including Tactical Training Group Atlantic (TTGL) and Strike Force Training Atlantic (SFTA). SFTA provides the Fleet Response Plan (FRP) Surge Certification Event, Composite Training Exercise (C2X), for the Strike Groups. I briefed SFTA on current Central Command operations towards the end of our deployment in November 2004 to assist SFTA in updating the C2X scenario to most accurately reflect current operational missions and tasking. This included emphasis on Maritime Security Operations (MSO), such as those around Iraqi oil pumping platforms, and details on the urban close air support (CAS) that Carrier Airwing 17 (CVW-17) provided to the warfighters on the ground. This information was also provided to Second Fleet in order to appropriately update the FRP Deployment Certification Event, Joint Task Force Exercise (JTFEX), scenario. The C2X scenario traditionally includes surge operations where the maximum number of sorties is desired. Real world operations instead call for sustained operations with fewer sorties. JFK/CVW 17 conducted flight operations for 16–18 hours per day for 16 straight days during Operation Al Fajr (Liberation of Fallujah), flying up to 84 extended sorties per day (160 sortie equivalents).

TTGL and Second Fleet provided JFK Strike Group sustainment training 3 months after our return from deployment with the Multi-Battle Group Inport Exercise (MBGIE) 05–1. This exercise was specifically designed to reflect Arabian Gulf operations, and included such elements as Maritime Security Operations, fast boat attacks and coalition operations.

Although East Coast Carrier Strike Groups benefit from corporate knowledge of Arabian Gulf deployments, current operations are vastly different from the decade of Operation Southern Watch. Our training has continued to evolve as operations have shifted from major combat operations to urban close air support and MSO. Our future training plans will be adapted to reflect our projected operational environment, whether that is current urban CAS and MSO or more robust littoral operations.

7. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, what training initiatives and technologies are you leveraging to implement operational lessons learned in training?

General METZ. Our training strategy works and continues to improve based on the lessons learned from Iraq and integrated into home station training. For example; a Stryker brigade was in Iraq when I arrived and it transitioned smoothly with another brigade—both had the latest command and control equipment. The incoming brigade at Fort Lewis, Washington, watched the fight of its sister brigade in Iraq. It would listen to the radio traffic and read the orders of the unit in contact and use them to train. They conducted a virtual “left seat ride” for almost 6 months.

Additionally, most units conduct predeployment site surveys. Leaders visit the unit they will replace, observe operations, and take lessons learned back to home station. Across the spectrum, information is flowing that assists the next generation to fight better. Because the situation constantly changes, we revamp our training to be ready for the kind of fight that units will face when they arrive in the country.

Finally, the Army proponent for collection and dissemination of lessons learned—the Training and Doctrine Command’s (TRADOC) Center for Army Lessons Learned (CALL)—has unit embedded teams in theater since the war began and have extensively surveyed returning units to collect lessons learned. CALL makes both classified and unclassified lessons learned available to all military organizations via secure and unsecured Web sites whose web addresses are disseminated in forces commands training guidance for deploying forces.

My intent is that III Corps will remain a major player in the live-virtual-constructive training arena, fully integrated within the Joint National Training Capability (JNTC) initiative. As a part of that larger effort, we are using state-of-the-art technologies as training enhancers. Our joint distributive constructive simulations (JANUS, BattleSim, and others) address a broader scope of capabilities allowing us to tie into subordinate commands that will deploy with us during collective/staff training exercises and rehearsals, including air-ground operations training. Some initiatives at Fort Hood include virtual convoy training and IED simulators; and fully instrumented urban sites that provide real-time performance feedback as well as an expanded array of options for targets and tactical situations. We employ a multipurpose battle simulations center, a battle command training center, close combat tactical trainers, warrior skills trainer, aircraft survivability equipment trainers, and other digital/simulation training capabilities to train and sustain both individual and collective task skill training within the Corps. We are using these technologies to link our units-in-training to actual events occurring in theater, thus ensuring that our training is conducted within a scenario that incorporates continuously updated situational awareness.

General SATTLER. [Deleted.]

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General AUSTIN. The 10th Mountain Division leverages available technologies to better simulate the OIF and OEF operating environments in our training environment. Our recently expanded Engagement Skills Trainer (EST) provides our soldiers 50 firing lanes with access to virtual direct and indirect fire weapons training devices for all of our common weapons platforms. The firing scenarios replicate threat

forces, civilians on the battlefield, and the urban, mountainous, and desert terrains found in OIF and OEF. Additionally, we have virtual convoy combat trainers that enables our soldiers to train to fight effectively while mounted in vehicles. The 10th Mountain Division also leverages its recently completed Battle Command Training Center to conduct company thru division—level command post exercises in simulated joint and combined OIF and OEF operating environments. These high-fidelity simulations, provided by the National Simulations Center, replicate most aspects of the CENTCOM operating environment including insurgent factions, Iraqi and Afghan army and police forces, coalition forces, border nation military forces (e.g., Pakistani Forces), civilian populations, media groups, NGOs, and even contractors.

Admiral MCCULLOUGH. The Navy's FRP is the key to our operational readiness, which is the end goal of all our training. By changing the mindset from cyclic training and deployment operations to one of continuous maintenance, training and readiness, the strike group will be better prepared for each stage of training and deployment or surge operations. Our ships have a core set of certifications covering the complete range of missions. Prior to implementation of the FRP, the deployment cycle mindset led to a sizable drop in training and readiness following deployment as experienced personnel rotated out and the unit started over in its training cycle. FRP requires maintaining our readiness, which allows us to focus training resources on our identified weak areas, rather than spreading them out across the training continuum. Currency is now maintained in key certification areas such as Antiterrorism/Force Protection, Damage Control, and Maintenance and Material Management (3M). Readiness will be increased as we build from established baselines. Our emphasis is on unit level training teams, allowing each unit to continually train and maintain readiness after the unit level training phase where those training teams are evaluated and certified.

Fleet Synthetic Training (formally Battle Group Inport Exercises) is a key technology we are leveraging to train to current operational requirements. This distributed training capability allows the strike group to train combat systems operators and tactical action officers in port to a high degree of fidelity, from the unit level (single ship) to the strike group or multi-strike group level. This training can be supported from Tactical Training Group Atlantic or our local Afloat Training Group. Inport training saves underway costs, while keeping our sailors focused on their tactical mission. Inport training also improves underway training by reducing the amount of transition time needed between inport upkeep operations and underway steaming evolutions.

ARMY RAPID FIELDING INITIATIVE

8. Senator ENSIGN. General Metz and General Austin, last year this subcommittee recommended an additional \$262.0 million for the Army's Rapid Fielding Initiative to expedite providing individual equipment items like the advanced combat helmet to soldiers. What is the status of III Corps units and 10th Mountain with respect to receiving all of their Rapid Fielding equipment?

General METZ. III Corps units that deployed in support of OIF II received Rapid Fielding Equipment just as quickly as the industrial base could support the demand. DAs priorities for issue were executed prior to deployment with Reserve and National Guard units receiving their RFI issue in CONUS and shortages issued as they completed deployment preparations in Kuwait. Several changes to the issue plan impacted on the availability of supplies to source all deployed active duty units, 1st Armor Division was extended in theater and approved to receive RFI before returning to Germany. Additionally, DA approved issuing to OIF 2.5 units that were not on the initial fielding plan until a later date. This resulted in an increased material requirement and a shift to the right for 1st Cavalry Division, 13th Corps Support Command and Corps separates. All units received their issues in theater but due to production shortfalls for such items as the ballistic helmet, boots and ballistic goggles, there were a number of soldiers that were not issued complete sets.

III Corps units that deployed during OIF I are just now receiving their RFI issue. Fourth Infantry Division received their full RFI issue last month, with only minor shortages as a result of unique sizing shortfalls. PEO-soldier has provided outstanding support to the Corps and continues to fill shortages not previously filled. Percentage wise, III Corps is about 83 percent filled for RFI, and we expect to be fully resourced before the end of the calendar year.

General AUSTIN. The Rapid Fielding Initiative (RFI) is providing our soldiers with the enhanced individual and unit equipment needed to enhance survivability and lethality prior to deployment. All deploying elements associated with the 10th Mountain Division receive RFI prior to OIF/OEF deployments. The 1st BCT and 1—

10th AVN BN received approximately \$26 million worth of equipment in RFI in April 2005 to support their OIF deployment. Our 3rd BCT, 4th BCT, 10th Multi-Functional Aviation Brigade, 10th Sustainment Brigade, and remainder of 10th Mountain Division are scheduled to receive RFI fielding in July and August 2005 in support of their OEF deployment beginning this winter.

MORALE

9. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, the American people are justifiably proud of the accomplishments of the men and women in uniform today. There is no question that we all understand the level of responsibilities that they have been entrusted with, and for many, at a young age. With all of the requirements that your troops and sailors are managing, such as repairing equipment or training for deployment, how is morale and what programs foster and sustain morale for your service men and women?

General METZ. Morale continues to remain high. Soldiers are focused on the professional performance of their duties and missions.

From a deployed perspective, a soldier's morale is sustained through communications. The Internet cafes and the commercial phone centers throughout the numerous coalition camps in Iraq allow soldiers to foster and maintain relationships with families and loved ones. Correspondence through the U.S. Postal System is still an important medium for soldiers to receive updates from home, but the instantaneous electronic data and voice communication between a soldier and family is invaluable. Digital photos transmitted via the Internet provide instant updates on important family events and, in some cases, streaming video allow a soldier to talk face to face with loved ones.

Additionally, time away from the hostile environment provides a morale boost for our soldiers who are engaged in the day-to-day mission of a year-long deployment. The Rest and Recuperation (R&R) Leave Program and the Rest and Recuperation Pass Program provide a much needed respite from the rigors of a hostile combat environment. The goal for these programs is to provide each servicemember, on a 1-year deployment, a 2-week R&R leave period and a 4-day R&R pass. The R&R pass can be taken every 6 months.

Other quality-of-life programs within the deployed theater that also foster and sustain morale for the deployed servicemember include free Stars and Stripes newspapers, Armed Forces Network radio and television transmissions, Army/Air Force Exchange Service (AAFES) retail sales and name brand fast food operations, United Services Organization (USO) and Armed Forces Entertainment (AFE) sponsored entertainment groups and celebrities, and morale, welfare, and recreation (MWR) operations such as fitness facilities and recreation centers.

At Fort Hood, the Directorate of Community Activities/Morale, Welfare, and Recreation enhances quality of life and morale by providing numerous recreation and services to military personnel, family members, retirees, and civilian employees which encourages growth and a feeling of self reliance within the military community. Army MWR includes clubs and dining, recreation and leisure services, sports programs, religious programs and fitness centers, counseling and assistance services, parent and youth services, and seasonal and special events.

General SATTLER. The marines of I MEF are justifiably proud of their accomplishments in Iraq. The destruction of the Muqtada Militia in Najaf and the clearing of Fallujah are battles that will be added to the long list of noteworthy Marine Corps victories. Pride is one of the primary reasons that the morale of our marines remains high. Training and preparing for the next deployment are part of the normal routine for Fleet Marine Force units. These tasks in and of themselves do not strain morale.

In CONUS, the morale of the marines in I MEF is high. Camp Pendleton offers a variety of services through MCCS. These include swimming pools, movie theaters, bowling alleys, beaches, gymnasiums, playing fields, vehicle hobby shops, improved family housing, and beach cottage rentals. Recently, MCCS held a large free concert at Del Mar Beach, which included a variety of popular entertainers. In addition to the amenities offered by MCCS, the Southern California area offers a variety of attractions. These include miles of beaches, snow skiing in nearby mountains, major amusement parks within a few hours drive, professional sporting events, and the San Diego Gaslamp Quarter.

Marines returning from deployment are given a 96-hour liberty upon their return and then work half days for the first week. Additionally, every Marine is afforded the opportunity to take annual leave. This allows them to spend some time taking

care of personal issues that may have arisen during the deployment. The liberty period, half days and annual leave are intended to assist the marine with the transition from the rigors of the long hours, harsh conditions and structured routine of the deployed environment to shorter hours and stateside living conditions. Interacting with family members or socializing with civilian friends can be stressful for marines who have just returned from a deployment. This transition period helps the marine get used to being home again.

Marines are also encouraged to take advantage of programs offered by MCCS. These include Marine Corps Family Team Building, Lifestyles, Insights, Networking, Knowledge, and Skills (L.I.N.K.S.), Chaplains Religious Enrichment Development Operation (CREDO), and the Return and Reunion briefs.

In order to mitigate the stress associated with long deployments, I MEF employed a variety of measures to sustain the morale of our deployed forces. Among these measures were, internet cafes, fitness centers, free phone cards, telephone centers, exchange facilities, and mobile exchanges, 15-day R&R program for servicemembers assigned for a year or more (free trip home), 4-day R&R program in Qatar (hotel, swimming, alcohol, recreation center), chow facilities with hot meals, including fresh fruits, vegetables, ice cream, desserts, etc., barber shops, free laundry service, sports tournaments with prizes, movies, DVD libraries, libraries, game centers, video teleconferences with family members, hot showers/bathroom facilities, MWR concerts and outstanding mail service/MOTO mail. In addition, the USO celebrity tours were very well received by the marines and sailors of I MEF.

General BUCHANAN. Senator Ensign, morale is high with our deployed airman, thanks in no small part, to our Air Force Services personnel, who provide our forward operating locations with the very best quality of life in the AOR. These airmen serve as the backbone of support and are going above and beyond daily to improve the living conditions for their fellow airmen. There are 500 of them on every AEF rotation who provide outstanding programs in food service, billeting, fitness, recreation, and other support areas. Some of their accomplishments include operating learning resource centers to offer college classes, formal military and civilian educational opportunities. They ensure that morale phones and computers are available for all airmen to reach loved ones on a regular basis. They facilitate an average of over two Armed Forces Entertainment tours per month for our personnel. Additionally there are countless general recreation programs, which differ by location, but include fun runs, sports days, Bingo, Spades tournaments, pool and ping-pong tables. Special events are planned periodically and for holidays. At locations where conditions permit, cultural and shopping tours are available.

General AUSTIN. My experience and observations are that the morale of our young men and women is outstanding. They continue to accomplish remarkable things both at home and overseas, and are motivated to serve, dedicated to the mission, and appreciative of the support they receive from their communities, the Army, and the country. Evidence of this can be found in our division reenlistment rates, which in 2004 averaged 128 percent and have averaged 131 percent and 117 percent for the 1st and 2nd quarters of 2005, respectively. I attribute much of this success to the outstanding leadership of our noncommissioned officer corps.

Army Well-Being programs also play an important role. A soldier's morale is deeply affected by his family's quality of life, and by the perception that the military cares about them. This includes quality child care, youth programs, schools, recreation, college tuition assistance, healthcare, and housing. The continued success of the Army Well-Being programs contributes to a trained and ready force. The Fort Drum Army Family Team Building program was recently recognized as the best in the Army, and has played a particularly vital role for families during current and future separations due to deployments.

The best thing we can do for morale is to continue to provide soldiers with the resources they need to do missions we ask of them, acknowledge the sacrifices they make through fair compensation and benefits, and to continually seek ways to sustain and improve their quality of life and that of their families.

Admiral McCULLOUGH. The morale of our sailors is high. Proper training builds confidence and enables them to successfully perform at a high level in our demanding environment. Increased opportunity for professional development also helped sustain high morale. The U.S.S. *John F. Kennedy* Carrier Strike Group (JFKSG) enjoyed record setting advancements this deployment due to an aggressive mentorship and training program. Additionally, JFKSG sailors achieved superb numbers for Warfare Qualifications, a testament to the professionalism of today's sailors.

The morale of sailors and families remains high due in large part to the efforts of many organizations and programs that provide personal support prior, during, and after extended deployments. The following organizations were available to sailors and their families: Command Ombudsman, Command Family Support Group,

Fleet and Family Support Center, Morale, Welfare, and Recreation, Chaplain services, Naval Legal services, On base day care, Navy Exchange and Commissary, Navy and Marine Corps Relief Society, American Red Cross, United Through Reading.

Predeployment programs provided to sailors and their families included family and single sailor predeployment briefs and training on: hurricane preparedness, voluntary education programs, Operational Security (OPSEC), Financial Planning and Budgeting, Wills and Powers of Attorney, and Suicide Prevention.

The ability to keep families connected during separations is critical to maintaining high morale. Sailors at sea have unprecedented methods to connect with their families at home including regular mail, personal e-mail accounts, telephone lines using the sailor phone program, and video teleconference capability on several ships.

In addition, the JFKSG Beach Detachment provided a new level of invaluable support and reassurance to the families of our deployed sailors. Spouses and children had a concerned command representative; available 24 hours a day, in the local area who was there to help them resolve a wide variety of issues. Simple tasks that used to take days to accomplish, such as getting the necessary paperwork back from deployed ships to re-register a car on base, or get a replacement ID card were quickly taken care of by the Beach Detachment.

Significant post-deployment training was also conducted. These post-deployment seminars included training for new parents, reestablishing intimacy, car buying, domestic violence, anger management, drug and alcohol abuse, and vehicle safety.

This continuum of programs and leadership fostered and sustained a high level of morale not only during our deployment, but also during the important months before and after.

RESERVE COMPONENTS

10. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, each of your written testimonies highlighted the role of the Reserve components in your organizations during deployment. Please elaborate on those contributions. Please note particular challenges of integrating reservists into your organization and issues associated with training and sustaining reservists.

General METZ. Eighty-nine percent of the units assigned to the 13th Corps Support Command during OIF II were Reserve component (RC). This certainly embodies the One Army concept. As I stated in my written testimony, the logistics mission in Iraq was one of the most challenging and complex missions in our history. All three components were vital and equally important to mission accomplishment. To elaborate on the total integration, command and control was not limited to active component (AC) units. Our forces were organized by echelon and function, not by component. For example, it was not unusual for an active component unit to work for a National Guard unit who worked for an Army Reserve unit.

One particular challenge my staff experienced during OIF II was mitigating the 2-year limit on mobilization for Reserve Forces. Several soldiers had been mobilized previously to support the global war on terrorism, and would have exceeded their 2 years prior to completion of their rotation to Iraq. Many of those soldiers volunteered to remain in Iraq to finish the rotation with their units. Those that did not volunteer were returned to the mobilization station and released from active duty; this reduced the operational capability of their unit. Our RC organizations now identify this situation before a soldier even reports to the mobilization station, and the soldier either volunteers to complete the entire rotation, or he does not mobilize.

One of the training challenges is obvious. RC units have, essentially, 39 days each year to train individual and collective tasks. This is barely adequate time to sustain basic soldier skills—all remaining training must be completed after unit mobilization but prior to unit deployment. Allocation of training resources must be choreographed carefully to insure each soldier and unit receives the right training at the right time, and the unit arrives in theater when the commander needs them.

Another training challenge RC soldiers face is maintaining adequate physical fitness during peacetime. Each soldier must discipline himself to exercise at a frequency and level of intensity that will sustain him in combat without the benefit of the resources that are available to his active duty counterparts.

General SATTLE. The contributions of Marine Reserves are a critical component of the Marine Corps total force. At the height of Operation Iraqi Freedom II (OIF II), over 12,000 marines from the Reserve component were mobilized in support of I MEF. These Reserve mobilizations came from several different sources. These included, Select Marine Corps Reserve (SMCR) units and detachments, Individual Mo-

bilization Augmentees (IMAs), Individual Ready Reserve (IRR), and retirees. The majority of the combat replacements provided to I MEF for OIF II were from the IRR. Entire SMCR infantry battalions were activated and attached to 1st Marine Division where they fought alongside the active duty battalions. SMCR units were also attached to 3rd Marine Air Wing, 1st Force Service Support Group and I MEF Headquarters Group.

Overall, there were minimal challenges in integrating Reserve marines into the force. Pay problems can be the biggest challenge for a mobilized Reserve marine. In order to alleviate these problems, I MEF has a Reserve Liaison Office (RLO). This section specializes in resolving pay and orders problems for Reserve marines at I MEF. In addition, because the Marine Corps uses the Marine Corps Total Force System (MCTFS) for both the active component and Reserve component administration, mobilized marines can be joined to a unit with a unit diary entry. MCTFS encompasses all of a marines personnel information and is used for payroll, family information, training status, awards, and service commitment information. MCTFS allows the admin personnel at the gaining force command to handle any payor allowance problems that may occur. The IMA marines already belong to the gaining force command, so that they can be mobilized and deploy with a minimal amount of time. SMCR units attach and detach in the same manner that the Marine Corps uses when task organizing any force, so the process is already well understood, and their mobilization processing has become second nature also. Training challenges varied depending upon what source the Reserve marine came from. IMA marines are trained by their sections during drill periods and annual training periods. They require little in the way of additional training upon deployment. SMCR units have instruction and inspection staffs that are responsible for maintaining the training and readiness of those units. IRR marines were sent to division schools for Security and Stability Operations (SASO) training prior to being deployed. This training included refresher courses for infantry skills. Due to the increased deployment tempo for SMCR units since September 11, 2001, Marine Forces Reserves initiated efforts to increase the procurement of equipment for SMCR units. The results of these efforts were evident when SMCR units arrived in theater with adequate quantities of gear and equipment. IMA marines are equipped by their parent commands. IRR marines are equipped by the mobilization processing centers prior to being sent on to the gaining force commands. Once attached to I MEF, Reserve marines and units were sustained in the same manner and from the same sources as the active duty marines.

General BUCHANAN. Senator Ensign, in the past year the Air Reserve Component (ARC) has stood shoulder to shoulder with the active duty, joint, and coalition forces filling over 40,000 deployment requirements in support of both OEF and OIF. The high experience level of the reservists has been invaluable in filling critical expeditionary combat support requirements, especially in the civil engineering, aerial port, medical, communications and security forces career fields. ARC members often serve in key leadership positions to include vice wing and group commander positions. In addition, ARC airlift, refueling, J-STARS, fighter and bomber aircrew have flown over 35,000 combat and combat support missions in support of OEF/OIF.

Challenges of training and integrating reservists are almost non-existent. They are able to seamlessly integrate into the Air Expeditionary Force structure due to their normal home station training programs. ARC members accomplish the same training events, maintain the same currencies and adhere to the same standards as their active duty counterparts, making it difficult to distinguish between deployed ARC and active duty members.

General AUSTIN. The Reserve component has been a key multiplier in our success. They are an important and integral part of the total force. It has been my privilege to serve with them in both Iraq and Afghanistan, and I am continually impressed by their dedication and eagerness to serve. In Afghanistan, for example, we had a significant number of Reserve component engineer, aviation, and civil affairs units that integrated well and were critical to mission success. They did a marvelous job.

It is clear that the active component cannot fulfill its mission without the support and participation of the Reserve component. Integrating reservists, both individually and at the unit level, is a matter of leadership. The challenges lie in communication, cooperation, culture, and configuration. For example, one of the challenges will be the transformation of the Reserve component as part of the modular force. It is critical that this happen, and that these units be afforded the same opportunities, including Combat Training Center rotations, as the Active Force. Integration works best when reservists are trained, educated, and equipped to meet the mission, and when leaders at all levels of both components reach out to one another as they seek solutions across the full spectrum of operations.

Admiral McCULLOUGH. A deploying Carrier Strike Group normally leaves behind a number of personnel that are due to rotate soon or retire shortly after deployment. This group is normally in a transitory status and provides no benefit to the deployed strike group. My strike group stood up a Beach Detachment for our 2004 deployment whose goal was to keep these transitory personnel employed in their rate to benefit the deployed units or the home base, as well as more closely integrate Reserve support with active duty operations. This detachment had at its core six reservists on Active Duty for Special Work (ADSW) orders. Using reservists in this role prevented the strike group from having to leave behind senior qualified personnel. This detachment revolutionized the nature of the strike group home front. Over 480 incoming personnel (prospective gains) were provided small arms training, fire fighting, first aid and rate training, providing the deployed units a much better trained servicemember upon their arrival to the forward deployed ships and squadrons. The small arms training received enroute was invaluable in meeting overseas Anti-terrorism/Force Protection requirements. Transitory personnel also provided over 4,500 man-hours of support to the naval base and local commands. Additionally, the Beach Detachment provided a new level of invaluable support and reassurance to the families of our deployed sailors. Spouses and children now had a concerned command representative; available 24 hours a day, in the local area who was there to help them resolve a wide variety of issues. Simple tasks that used to take days to resolve such as getting the necessary paperwork back from deployed ships to reregister a car on base, or get a replacement ID card were quickly taken care of by the Beach Detachment.

FRP requirements split the Strike Group into three separate groups (the Carrier Strike Group (CSG), Expeditionary Strike Group (ESG) support units, and a Surface Strike Group (SSG)) which deployed at three separate times. The Beach Detachment provided Sustainment Training support and oversight to the late deployers (ESG and SSG), as well as exercise observers and support. This support is critical and a model for future deployments as the Strike Group continues to fulfill sustainment and surge requirements.

The ADSW reservists, plus other reservists on additional training or drill, provided invaluable support to the deployed strike group, late deploying strike group assets, and the home base. Their Navy and civilian experience enabled the reservists to very capably fulfill this role without additional training. We are currently implementing a training plan for our Reserve Carrier Group to fully qualify eligible personnel for Tactical Flag Command Center watch duties. One challenge is providing training resources during drill weekends. We are addressing that with duty personnel and great support from our local training activities.

The Navy is currently reviewing Active component-Reserve component integration as part of our servicewide Human Capital Strategy. This will ensure our Reserve component is properly sized and organized to support our Navy in the 21st century.

ARMY MODULARITY IMPLEMENTATION

11. Senator ENSIGN. General Metz and General Austin, one of your challenges since returning from Iraq and Afghanistan is implementing the Army's modularity transformation plan. Given that you are also repairing and replacing equipment, allowing soldiers well-deserved rest and recovery, and training for future deployments to Iraq and Afghanistan, I would imagine that meeting the requirements of implementing the modularity plan—such as creating new brigades, increasing equipment inventories, et cetera—is significant. My understanding is that the modularity implementation plan was for the new brigades to be manned and ready in about 6 months. General Austin, adding to your challenge, I understand is that one of your new brigades is at Fort Polk, Louisiana, 1,500 miles away from you at Fort Drum. What is the status of implementing modularity at III Corps and 10th Mountain and how can this committee support your efforts to continue modularization?

General METZ. Modularizing the force is an ambitious program that involves thousands of soldiers, an enormous effort in terms of planning and equipment transactions, and increased amounts of funding, all while repairing and replacing equipment and giving soldiers time to rest and recover. Modular conversions are not just creating new brigades; it is also reorganizing existing brigades. The new units are much more self-sufficient in all-arms and more appropriate to future requirements.

We continue to implement transformation in accordance with Chief of Staff of The Army guidance and direction. 4th Infantry Division is well into its training cycle in preparation for Iraq, while at the same time, 1st Cavalry Division, the Corps Support Command and the Corps Artillery are all in the midst of recovery and modular

conversion planning. The soldiers of III Corps are extremely busy converting to modular organizations, while simultaneously accomplishing all operational missions.

You asked what this committee can do to support modularization effort, but I would classify it more as support to our great soldiers and civilians during this period of change. Currently, programmed funding is not in synch with modular conversion timelines. For example, OMA funding is programmed 5 years out. The decision to transform occurred less than 5 years ago. Thus, on several of our posts, there are not enough permanent facilities—offices and barracks—to support the modularized units. This leads to funds being used for temporary facilities; then when the programmed funds are available—the construction of permanent facilities. A more flexible system would allow for movement of funds to cover permanent cost of modularization, thereby saving money and providing better facilities for our soldiers.

General AUSTIN. Army transformation to modular, brigade-centric units will provide enhanced warfighting capabilities. Units will be highly deployable, self-contained, and standardized across the Army. The 10th Mountain Division is fortunate to be one of the first units to undergo transformation to the new structure. Understand that the Modular Conversion is an incremental process based on the available resources at the time of each unit's conversion, complete conversion to the modular design with all the new systems will be achieved over time. We are approximately 75 percent of the way through the process with the current conversion. Our aviation brigade and 2nd Brigade Combat Team, currently deployed to Iraq, will begin the transformation process in September. The transformation of our Sustainment Brigade, 1st, 3rd, and 4th Brigade Combat Teams nears completion. The 1st Brigade Combat Team recently completed a successful rotation to the Joint Readiness Training Center (JRTC) in the new transformed structure in preparation for its pending deployment this summer to Iraq. The 3rd and 4th Brigade Combat Teams are scheduled to complete their training rotations to JRTC later this year in preparation for deployment to Afghanistan. As you point out, the 4th Brigade Combat Team is located at Fort Polk, Louisiana. The geographic separation, however, has not hindered our ability to provide the brigade with training and readiness support. We have been successful in translating lessons learned from the transformation of our brigades located at Fort Drum to the 4th Brigade Combat Team at Fort Polk because, in large measure, the new brigade-centric units are standardized.

Anytime an organization faces change, there are challenges associated with change. Transformation to brigade-centric units is no different. One of the challenges we have faced in the process is equipment shortage. The Army's reset program, however, has provided the way-ahead to meet these challenges. We must replenish combat equipment as it returns from both theaters of operation and distribute it to newly transformed units. Reset is an ongoing process that must be sustained and a bill we must pay. Fortunately, the reset program is a priority in the Army and it is meeting the challenges of transformation. I am confident that 10th Mountain Division is a more lethal, more flexible, more agile fighting force.

ARMY MODULARITY INFRASTRUCTURE

12. Senator ENSIGN. General Metz and General Austin, in July 2004, the Army announced the temporary stationing of 10 newly formed brigades at various installations in conjunction with the implementation of the Army's new modular force. At Fort Drum, my understanding is that Army is spending over \$180 million to procure and install temporary facilities for housing, administrative space, and motor pools to support the new brigade there. I also understand that this is typical at each of the other locations, including Fort Hood, where hundreds of trailers will soon be in place to house and to provide work areas for over 30,000 troops for an undeterminable amount of time. In your opinion, are these trailers considered adequate permanent party unaccompanied housing and what is the plan to replace these trailers?

General METZ. The relocatable modular facilities are adequate to house permanent party soldiers. They are constructed at the Army's 1+1+1 criteria to provide three soldiers a separate bedroom and closet each while a kitchen area and latrine is shared by all three soldiers. These facilities are not constructed using typical mobile home industry standards. The high volume of soldier and unit rotations caused by mobilizations, deployments, redeployments, and normal PCSs, requires these facilities to be constructed using commercial grade standards. Each facility has a designed lifespan of 5–7 years without having to perform major type renovations. The current Army plan is to replace the relocatable modular facilities starting in the order of the transformation of Divisions. An additional cost for typical maintenance

and repair of the existing 4th Infantry Division relocatables during a 7-year lifespan is estimated to be over \$1.6 million annually. The Army will look towards the Military Construction Army (MCA) program to provide permanent replacement facilities starting in fiscal year 2007.

General AUSTIN. We have experienced a population growth of approximately 33 percent at Fort Drum as a result of transformation. Our soldiers and Department of the Army civilians have done incredible work to plan and accept this growth. We are currently utilizing two types of interim facilities to support the newly transformed brigades. First, we have renovated existing buildings to provide soldiers barracks space. Second, we have constructed modular buildings to accommodate unit headquarters, supply rooms, and classrooms. Both facility types are intended to be used for only as long as it takes to build permanent facilities, which are projected to be constructed in 5 to 7 years. We look forward to the end state of transformation where we will see state-of-the-art facilities for our soldiers and units.

COMMANDER'S EMERGENCY RESPONSE PROGRAM

13. Senator ENSIGN. General Metz, General Sattler, and General Austin, the Commander's Emergency Response Program (CERP) provides commanders in Iraq and Afghanistan with funds for use in small scale humanitarian and reconstruction projects, such as providing food and health care or repairing schools, hospitals, and bridges. What are your views on the utility and effectiveness of the CERP and how important was the CERP for you to accomplish your mission?

General METZ. CERP was absolutely essential for establishing democracy in Iraq and fighting the insurgency. From the beginning of the Iran-Iraq War through the U.N. embargo, the Baathist regime had neglected Iraq's national infrastructure in a quest for military hardware and creature comforts for the party faithful. Many pieces of large machinery like generators, pumps, and harbor derricks are now obsolete, and either cannibalized for parts or poorly maintained. The capacity of critical public utilities was insufficient—like the national power grid—and in some cases non-existent—like sewer systems in Sadr City. Agriculture had also declined; Iraq, which had formerly been a net exporter of foodstuffs within the Middle East, did not grow enough food to feed its own people. Finally, many cities faced high rates of unemployment, especially with Iraq's army disbanded and its military-industrial complex closed. Consequently, two of our lines of operation were restoring the economy and rebuilding essential services.

Large national-level projects will address many of the existing problems, but these projects often have such size and scope that they require a long lead time and the effects are delayed and not appreciated by the Iraqi population. For example, coalition forces get little credit for fixing a high-tension power line across an uninhabited part of Iraq when power in Baghdad is routinely disrupted. The good will generated by a restored power line will not be realized until the project is complete, which takes months.

Moving among the Iraqi people near their bases, unit commanders were more aware of local concerns. CERP gave them the capability to immediately address local concerns with projects that improved the Iraqi economy and local infrastructure. Since they hired local workers and performed the work in local neighborhoods, these projects were visible to nearby residents and gave them a tangible benefit. These projects enhanced support for the coalition and reduced tensions in hostile neighborhoods. Greater support for the coalition led to more intelligence tips about the insurgents and fewer attacks on Coalition and Iraqi Security Forces. CERP projects also enhance the legitimacy of the new Iraqi government, offering Iraqis a hope of a better life. Conversely, it limits the appeal of the insurgents, whose success relies upon despair and fostering the belief that the government is illegitimate.

General AUSTIN. The Commander's Emergency Response Program (CERP) has been a significant combat multiplier in both Afghanistan and Iraq. The program provides tactical commanders with the means to affect immediate and tangible assistance to Afghan and Iraqi civilians for urgent humanitarian and reconstruction requirements, and thereby engenders goodwill among local communities. That goodwill is enormously important as we continue to work to stabilize these areas while at the same time actively engaging an insurgent enemy seeking to destroy democratic institutions. Without CERP, ground tactical commanders would have little if any ability to facilitate rudimentary reconstruction projects, purchase emergency generators, or obtain supplies to ensure the humane and secure detention of criminal suspects. The program's relative simplicity and potent contribution to stabilization efforts have had a profound influence on our military operations. This is a criti-

cally important tool for our commanders, and on their behalf I thank the members of the committee for their continued support of the program.

PREPOSITIONED STOCKPILES

14. Senator ENSIGN. General Metz, General Sattler, General Buchanan, and General Austin, the Army, Marine Corps, and Air Force used land-based and sea-based prepositioned stockpiles for major combat operations in Iraq. To what extent are your Services continuing to rely on prepositioned assets?

General METZ. Third Corps has relied significantly on prepositioned stocks in order to deploy rapidly, sustain the fight and defeat the enemy in Iraq and we will continue to need them in the future. Equipping, maintaining and sustaining the force will continue to be a challenge because of competing demands for the limited and finite pool of equipment available for prepositioning. Major claimants to the pool include replacements for battle losses, regeneration of Stay Behind Equipment (SBE) sets and the seed program required to rebuild the depleted prepositioned stocks. Additional external stress is placed upon the prepositioned stocks by the enormous requirement to reset redeploying forces. We have used almost all of our equipment extensively now for 2 years and so that equipment will need to be recapitalized, and in most cases, brought back to just about new states in order to train with it and have it ready for future fights. But, we are not relying solely on existing prepositioned sets. The Army Material Command is actively moving toward the establishment of an Equipment Support Activity—Iraq which will enable us to not only rely on new procurement and existing prepositioned stocks, but to continue to build a more robust capability in theater to meet equipping needs as we reset, regenerate, and redeploy III Corps.

General SATTLER. Maritime Prepositioning Squadron-2 (MPSRON-2) equipment and supplies were used to help equip I Marine Expeditionary Force during the return to Iraq for OIF II. These assets remain in use supporting Marine forces in Iraq. Headquarters, Marine Corps has initiated actions to reconstitute MPSRON-2 capability.

General BUCHANAN. Senator Ensign, prepositioned War Reserve Materiel (WRM) assets are, and will continue to be a vital part of the expeditionary warfighters' planning. Without bare base equipment stored at arms reach, the quick response for OEF/OIF could not have been accomplished.

Ongoing contingencies have created challenges within the USCENTAF WRM program because of the need to sustain deployed sites with equipment and supplies while reconstituting assets returning to the storage sites. When a priority one tasking is received, storage contract employees must refocus their reconstitution efforts to preparing the tasked asset(s) for shipment, thus hindering the ongoing production effort. USCENTAF WRM tasking average is three per day equating to over 21 short tons of cargo per month. The majority of taskers involve multiple pieces of equipment with the preponderance of WRM tasked being power production, special purpose vehicles or munitions related assets. Over a 6-month period from September 2004–March 2005, the USCENTAF WRM contractor prepared and shipped 127,000 short tons of cargo throughout the AOR of which 27 percent were munitions, 26 percent were vehicles and the remainder was spread among other WRM assets.

General AUSTIN. 10th Mountain Division units did not use any prepositioned equipment or supplies upon deployment to Operation Enduring Freedom. The Division relied totally on deploying contingency stocks of food, fuel, barrier materiel, ammunition, vehicles, medical supplies, and repair parts. As we prepare 10th Mountain Division units to deploy to both OIF and OEF, the Department of the Army has dedicated units presently deployed to keep equipment forward as Stay Behind Equipment (SBE) for the unit they transfer authority to. Left Behind Equipment (LBE) stocks do not preclude deploying units from the requirement of taking no supplies or equipment. Deploying unit equipment densities have been drastically reduced.

JOINT REPAIR FACILITIES IN CENTRAL COMMAND REGION

15. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, I read on page 8 of General Sattler's testimony that the Marine Corps was working on using the Army's repair facilities for ground vehicles. To what extent is there this type of cooperation between the Services with respect to maintenance facilities for ground equipment and other assets, like aviation, in Iraq?

General METZ. When and where appropriate and feasible services provided maintenance support to each other. It was routine practice if one service had vehicles or equipment geographically away from its organic support and another service had the required capability they would provide support. Within Iraq the maintenance facilities (primarily Army Material Command (AMC)) at Logistics Support Area (LSA) Anaconda provided maintenance support to other services. It is also my understanding that AMC facilities belonging to CFLCC in Kuwait would routinely work on other services vehicles. As for aviation, the Army and Marine Corps used the same contractor to augment our organic maintenance capability but to the best of my knowledge there were no shared facilities. When I left I am not aware of any facilities that were built or occupied with the intent of joint use. However, as stated above we routinely supported each other.

General SATTLE. The Marine Corps and the Army are partnering to leverage heavy maintenance support for ground vehicles in Iraq. The first facility to implement this partnership is the Army's HMMWV Service Center. The Service Center will provide preventive, collective, and heavy maintenance support in several locations throughout the area. In addition to the HMMWV, 13 systems that are common to both the Marine Corps and Army have been identified as candidates for joint repair capability. Currently the Marine Corps units in theater have the resident maintenance capability and expertise to sustain its units less depot level repairs. We will continue to expand this partnership and leverage common repair facilities where at all possible.

Due to co-location of aviation Intermediate Maintenance Activity/Marine Aviation Logistics Systems (IMA/MALS) with the Marine Corps Air Combat Element, all repairs within MALS capability are accomplished onsite. Those repairs beyond MALS capability are returned to CONUS for depot or manufacturer repair. Locations of Army facilities are not conducive to immediate turn around of components nor does the Army have commonality of repair for the vast majority of aviation assets.

General BUCHANAN. Senator Ensign, USCENTAF works with its sister services and its coalition partners to the greatest extent possible to maximize cooperation with respect to maintenance facilities. For example, at Al Udeid Air Base the Navy and our coalition partners use Air Force aircraft maintenance back shops to help maintain their fleets. Likewise, at Balad and Bagram Air Bases, the Air Force uses the joint ammunition supply point (Army run) for supply of common ammunition (mostly small arms and airbase defense items) with great success. In addition, USCENTAF tasked a mobile team of Airmen to attach Add-on-Armor kits to pre-determined HMMWVs within theater in November 2004. While this team was traveling to improve the protection of Air Force assets and personnel, they used Army facilities at both Baghdad and Balad AB to complete the installation for HMMWVs at those sites.

General AUSTIN. We experienced a great deal of cooperation between Services with respect to sharing ground maintenance facilities in Afghanistan. The nature of this type of cooperation was necessary due to the limited space on the base camps we had to operate with at that time. Units were responsible for the first echelon of maintenance in regards to their equipment. If the equipment required a higher echelon of maintenance repair the equipment was evacuated to the Joint Logistics Command and placed into the maintenance facility for repair regardless of service. Overall, this is a good news story, and yet another fine example of how the Services have ground together in a joint culture emphasizing cooperation and mission accomplishment.

Admiral McCULLOUGH. The Navy has significant organic repair facilities onboard aircraft carriers and large deck amphibious ships. The afloat nature of these facilities lends natural support to Navy ships and aircraft. During the U.S.S. *John F. Kennedy* Strike Group's deployment, U.S.S. *John F. Kennedy* (CV-67) repair facilities provided support to other Navy ships, Navy aircraft stationed both afloat and ashore, and Naval Support Activity Bahrain. U.S.S. *John F. Kennedy*'s Air Intermediate Maintenance Depot also maintained aircraft used to support Marine and Special Forces in Iraq. While U.S.S. *John F. Kennedy* Strike Group did not provide support for the other Services during our deployment; this was in part due to our location (afloat).

USE OF UNMANNED AERIAL VEHICLES IN CENTRAL COMMAND REGION

16. Senator ENSIGN. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, it is fascinating for me to think that unmanned aerial vehicles controlled by operators in Nevada are flying missions in the Central

Command region. How have unmanned aerial vehicles, such as Predator and others, supported the readiness of your units in the Central Command region?

General METZ. Unmanned Aerial Vehicles (UAV) greatly enhanced commanders' ability to fight and win in Iraqi. UAV supported command posts at several echelons have the ability to view ongoing actions in real time. As a result, commanders and staffs are making more timely and informed decisions. As the commander of Multi-National Corps-Iraq (MNC-I), I was able to watch the fight on the ground and make decisions based on what I was seeing and discussions with subordinate commanders who were watching the same video. When commanders did not have the capability to view videos, UAV operators would provide direction via voice or collaborative chat communications.

UAV operations shortened engagements and saved lives on numerous occasions. It is used for reconnaissance of target areas and early warning for potential enemy actions. It also proved itself in the counter-insurgency fight, with the ability to track insurgent teams without their knowledge, supporting subsequent targeting efforts by follow-on forces. In the case of the armed Predator, we had the capability to destroy a target when sighted with pinpoint accuracy with commanders on the ground communicating with the pilots back in Nevada.

Technology allows us to remotely control collection platforms from safe areas far removed from the battlefield. I believe this is an inevitable evolution in applying technology that we should commit ourselves to and fully exploit. To date, the coordination and systems used to synchronize these remote collection efforts have not failed, and are constantly being improved.

The UAV is the most requested intelligence asset in theater due to its ability to provide real time information and its intelligence, surveillance, and reconnaissance role is the most important to the commander. As we continue to deploy and arm more UAVs, their primary effort should remain intelligence, surveillance and reconnaissance first then as a target designator or firing platform.

The unmanned aerial vehicle is an asset we must continue to procure and field to commanders at all levels. We are experiencing a shortage of UAVs across the services and we need to make a concentrated effort to provide the appropriate quantity of UAVs to the appropriate echelon of command. In Iraq, and throughout the Army, the Division Commander does not have a dedicated UAV capability; any support he receives comes from Corps or is taken from his subordinate commanders. My experience is commanders at all levels require dedicated UAV support to meet their intelligence requirements.

General SATTLER. [Deleted.]

General BUCHANAN. Senator Ensign, while UAVs vary extensively in size, shape, and capability, the one constant theme is they can provide real time information direct to the ground forces while retaining the capability to exploit imagery for traditional intelligence gathering.

Predator UAV is uniquely suited for the global war on terror for a variety of reasons including a highly trained "pilot in the loop" able to exert persistence over a target and is necessary to provide lethal effects with extreme precision. Predator also is low observable and can distribute its video worldwide via satellite.

Global Hawk is another USAF high altitude UAV that can perform a variety of missions including signals intelligence, radar and optical surveillance. Its mission is very similar to the U2 without risk to the pilot.

In December 2003, the USAF introduced Remotely Operated Video Enhanced Receiver (ROVER) to conventional ground forces in OIF and OEF. This mobile laptop can receive Line of Sight video from all USAF, USMC and U.S. Army UAVs that have streaming video capability. ROVER has revolutionized the way airpower is employed in the global war on terror. This capability enables dissemination of streaming video to any echelon deemed appropriate by ground forces. As a result, ground forces can view the battlefield remotely from the air at distances outside enemy engagement range-saving lives. Additionally, the connectivity closes the sensor to shooter loop to less than 90 seconds.

ROVER has had an impact beyond UAVs. The Air Force has modified many fighter targeting pods to allow downlink direct to the ground forces via the ROVER. Additional USAF assets, such as the C-130s Scathe View, can also link full motion video to ground-based ROVER kits.

The USAF's plan to activate up to 10 Air National Guard Predator Squadrons fits well. Once established, the Air Guard Predator units will be capable of conducting world-wide operations from their home State, greatly enhance readiness.

General AUSTIN. The UAV is a great example of how we leverage American technology for the benefit of ground commanders. UAVs provided our forces with very effective surveillance of far reaching targets across Afghanistan, enabling commanders to gain information required to make critical decisions. As a surveillance plat-

form, the UAV is versatile, effective, and provides a persistent stare capability. With intelligence gained through this surveillance and other intelligence assets, commanders have greater battlefield visibility. Further, the long duration collection provided by UAVs such as Predator, proves to be highly valuable for command and control during enemy engagements or to see a location prior to forces being committed to a region. The capabilities provided to commanders by technology advances demonstrated by UAVs cannot be overstated.

Admiral MCCULLOUGH. UAVs over Iraq provided us with excellent situational awareness. We received a direct Predator feed onboard U.S.S. *John F. Kennedy* (CV-67), which allowed us to evaluate the effectiveness of Carrier Air Wing 17 strikes and compare our analysis with that of analysts at the Combined Force Air Component Commander, the Joint Force Commander for air operations over Iraq. Furthermore, UAVs are an indispensable source of intelligence and real-time targeting information in a war against insurgents operating in urban environments.

We could also have made good use of UAVs in our maritime mission to ensure Situational Awareness (SA) in the vicinity of the CSG during operations and prior to our arrival on station. Through their contribution to a Common Operating Picture (COP), I see UAVs as a capability to enhance our knowledge of the maritime environment resulting in an improved Force Protection posture. A UAV could also act as a supporting capability to deter a terrorist attack against high value targets such as the Arabian Gulf Petroleum infrastructure. UAVs provide the essential "long-dwell" persistent surveillance capability necessary for these types of missions.

SAFETY OF AIRCRAFT AS A RESULT OF INCREASED AIRLIFT

17. Senator ENSIGN. General Buchanan, I was pleased to see highlighted on page 12 of General Metz's statement a strong endorsement of the increased use of intratheater airlift as a means to reduce the number of truck convoys on the roads in Iraq. My understanding is that this increased airlift support is primarily provided by C-130s and C-17 flights, and has kept as many as 350 trucks per day off of the roads. This appears to be a very practical solution to decrease the risk of exposure to attack to truck convoys. The concern, however, shifts to the safety of the aircraft and aircrews. How are the aircraft equipped for defense against threats such as shoulder-launched missiles?

General BUCHANAN. Senator Ensign, all C-17 and C-130 aircraft performing airlift missions in the CENTCOM Area of Responsibility are equipped with defensive systems designed to mitigate small arms and shoulder-launched missile threats. In order to minimize damage from small arms, these aircraft are hardened with armor and our aircrews wear body armor. Our aircrews employ night tactics using Night Vision Goggles in order to minimize visual detection while enhancing the aircrew's ability to see and react to missile launches. These aircraft are also equipped with automatic missile defense systems optimized to decoy shoulder-launched missiles with flares. Additionally, some C-17s have a laser-based jamming system to defeat these same missiles without the use of flares.

IMPACT OF C-130 GROUNDINGS AND FLIGHT RESTRICTIONS

18. Senator ENSIGN. General Buchanan, as you are aware, the Air Force announced recently that there is advanced structural fatigue in C-130 wings—specifically in the center wing box of the C-130s. This has led to the grounding of 30 aircraft, and imposed flight restrictions on at least 60 others, with more C-130 aircraft being added to the flight restriction list every month. How has the C-130 wing condition impacted airlift operations in Central Command and how are you managing intratheater lift in light of the C-130 situation?

General BUCHANAN. Senator Ensign, though we initially lost a small number of sorties due to C-130 grounding, the center wing box issue in the C-130 fleet does not currently impact our intratheater lift operations. When the center wing box issue surfaced, force providers aggressively sent unrestricted C-130s to the theater to replace aircraft requiring center wing box maintenance. Now force providers only send unrestricted aircraft to the theater. Our deployed maintainers work closely with home station schedulers to ensure unrestricted C-130 availability in the AOR on a continuous basis. As a result of this excellent support, we're able to manage our intratheater airlift on an "ops normal" basis.

FLEET RESPONSE PLAN

19. Senator ENSIGN. Admiral McCullough, the Kennedy Strike Group was the first carrier strike group to start its training and employment cycle from the beginning in accordance with the Fleet Response Plan. It was also the first carrier strike group to utilize the Navy's Training Resource Strategy and the Florida ranges for its training. What is your assessment of the training paradigm under the Fleet Response Plan and has strike group training significantly changed under the Fleet Response Plan? Also, what were the benefits and limitations of using the Florida ranges for strike group training?

Admiral McCULLOUGH. Actually, U.S.S. *John F. Kennedy* Strike Group was not the first to undergo predeployment training under the FRP, U.S.S. *Harry S. Truman* Strike Group was. Our Strike Group reviewed the lay down of Navy force structure globally in the spring of 2003 and we knew we needed to be ready to deploy early, to "surge" in today's vernacular. We built our training plan accordingly. FRP was not fully developed or explained until later in calendar year 2003. The concept of Strike Group Training has not significantly changed under the FRP, however it has had the effect of providing more ready forces earlier, and for a longer period of time than under the old paradigm. By changing the mindset from cyclic training and deployment operations to one of continuous maintenance, training and readiness, the Strike Groups are better prepared for each stage of training, and for deployment or surge operations. Our ships have a core set of certifications to achieve covering their range of missions. The deployment cycle mindset led to a sizable drop in training and readiness following deployment as experienced personnel rotated out and the unit started over in its training cycle. The FRP requires maintaining continuous readiness, which allows us to focus training resources on our identified weak areas, rather than spreading them out across the training continuum.

In response to your question on Florida ranges, our air wing used Florida ranges extensively during our predeployment training and certification and during our post deployment sustainment period. The various ranges provide a wide variety of target simulations and allowed us to develop and execute realistic training scenarios. Additionally, we preserved 3-4 flying days that were typically lost in the lengthy transit to the Puerto Rican Operating Area. The Florida ranges are currently limited to 500-pound weapons and only pinecastle target and Eglin ranges allow live ordnance deliveries. The requirement exists to release live weapons of all sizes, including GPS guided munitions, and currently that cannot be accomplished in the Florida range complex. Altitude reservations are established for aircraft transiting to and from the ranges that are also very restrictive. Larger altitude blocks and wider routes would permit more realistic strike package composition and target area tactics, and would allow the use of opposition force aircraft, required for most of our training scenarios. Overall, the strike warfare training objectives of FRP were successfully accomplished using the Florida ranges. Coordination efforts are ongoing to address the training limitations mentioned above for future carrier strike groups.

AEROSPACE EXPEDITIONARY FORCE

20. Senator ENSIGN. General Buchanan, 5 years ago the Air Force fully implemented the Aerospace Expeditionary Force program. I understand that part of the intent of implementing the program was to provide greater stability in training and cycles patterns and greater integration of the Reserve components. What are you learning about the Aerospace Expeditionary Force program as a result of its use in contingency operations and is the program measuring up to expectations?

General BUCHANAN. Senator Ensign, over the past 5 years, our contingency operations have taught us that our Air and Space Expeditionary Force (AEF) program works. We're meeting our mission requirements while maintaining the highest levels of personnel readiness. This enables the Air Force to be ready to place forces anywhere in the world within 72 hours. We've seen the program does provide greater stability in training for the vast majority of our airmen. It also enables full integration of our Reserve components. The AEF has met and exceeded our expectations. It not only provides predictability and consistency, but also allows the Air Force to present forces to the combatant commanders in a planned and structured fashion. Predictability boosts quality of life for our airmen and helps maintain solid retention levels. Consistent training cycles ensure that we're continuously fielding the best trained force possible.

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

FORCE REBUILDING

21. Senator INHOFE. General Metz and General Sattler, can you assess how serious you see issues associated with rebuilding our Army and Marine Corps after we bring them back at the conclusion of Operation Enduring Freedom and Operation Iraqi Freedom? Is there an acceptable level of risk we undertake with our forces and our equipment as we prepare our military for the next contingency?

General METZ. There will continue to be risk because of the dynamic nature of the global war on terrorism. This is a complicated and challenging campaign that is far from being over. The risks at the operational level are going to be higher during the Army's transformation period and while tactical units are being reorganized and refitted with personnel and equipment. However, the benefits of modularity and the increased flexibility that it provides to the combatant commanders in the future far exceed the risk taken during the transitional period. Modularity provides a tailorable and adaptable menu of options for combatant commander's to employ in future conflicts. As modularity progresses the operational and tactical risk for readiness to future contingencies diminish. I think that the greater risks during this near term period and looking at future contingencies are at the strategic level. The strategic risks and implications of building and conducting coalition operations for the next battle are very broad and will require synchronization and planning at the highest levels of national power (Diplomatic, Informational, Military, and Economic) to be effective.

General SATTLER. [Deleted.]

22. Senator INHOFE. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, with regard to the rebuild of our forces given the heavy use of our military since September 11, what message would you deliver to Congress and have this committee hold close as we consider the fiscal year 2006 budget and the Future Years Defense Plan and budgets? For example, would you tell us not to repeat the mistakes of the past, that of decreasing defense spending as soon as we begin to leave Iraq?

General METZ. Whether the U.S. Army is able to disengage from Iraq in the near future or not, robust Defense funding will still be needed in non-global war on terrorism programs such as:

Training

The Army needs to maintain its' current training strategy (individual, collective, incorporation of lessons-learned, Combat Training Centers (CTC), simulations, and joint training). We must maintain our ability to keep RC units trained and prepared (CTCs, linked training with AC).

Equipping

The Army needs to continue the Rapid Fielding Initiative and force protection efforts (Integrated Body Armor (IBA) and up-armoring of vehicles). Stay Behind Equipment (SBE), which is equipment left in Iraq, impacts training at home station for both AC and RC units. Funding is needed to mitigate those shortfalls. We will need funding to continue modernization of digital command and control abilities and collaborative communications for situational awareness. Continue funding of Stryker brigades—we have learned that they are successful. Reset and reconstitution will be necessary for some time after troops begin to leave Iraq to reset the force. High theater OPTEMPO affects vehicle lifespans; procurement actions need to be considered. The Army will need funding for modular force conversions, for all components in the out years. Modularity is currently a major funding concern for active component Army commanders.

Personnel and Family Support Programs

These programs were critically important to our soldiers and families during the long deployment and should receive continued funding. Effective casualty notification, medical care and Morale Welfare Recreation (MWR) programs are essential. The Family Readiness Group (FRG) paid assistance program has been an important success. The strain of high OPTEMPO on families and soldiers can be mitigated by adequate family housing, health care and strong FRGs. Finally, we need to continue recruiting and retaining high-quality soldiers.

General SATTLER. The Commandant of the Marine Corps has stated that we will require an additional 2 years to recover after operations cease in the Middle East. It is absolutely critical that Congress continue to provide the support necessary to

maintain our Marine Corps in an operational state of readiness, equipped and trained to respond to any crisis or contingency.

The current global war on terror being fought in Iraq and elsewhere throughout the globe has consumed our equipment at a rate of as much as 10 to lower normal peacetime operations in some cases. The sustainment during and regeneration after deployments demand sufficient funding to reset our forces. To effectively fight the wars we fight today continues to require procurement of the best equipment and services available to assist our warfighters, the brave men and women who confront our enemies face to face. This includes funding not only for our normal operating equipment that is being consumed through a high operational tempo, but includes commercial off-the-shelf items, innovative technology, and new initiatives as we adapt to the changing battlefield environments in which we fight today. This procurement requires that funding support is provided not only initially, but is capitalized on in the FYDP and budgets.

The Marine Corps, as our great Nation's "force in readiness," continues to provide the best training and resources to our most precious asset, our marines. Our marines deserve realistic training in combating a determined enemy, development of critical skill sets to understand, operate, and leverage new technology, and a support structure that recognizes the crucial necessity of recruiting and retaining the best and the brightest of our young Americans who are dedicated to serving their Corps and country in this time of great peril. To this end, Congress has been very generous in the past and we hope that the Members of Congress will continue to provide this level of support. Knowing that the Marine Corps must continue to be 'most ready when our Nation is least ready', we trust that Congress will not decrease defense spending when we begin to leave Iraq. We must remain resolute in our understanding that the global war on terrorism is being fought on many fronts, that there are still adversaries that wish our Nation harm, and we must ensure that defense spending recognizes this reality.

General BUCHANAN. Senator Inhofe, readiness will be the key to the "Expeditionary Air Force" of the future. In order for Air Forces to be ready, they must be equipped both operationally and logistically. Operation Desert Shield/Storm and OEF/OIF taught us that in order to deploy a large force to a foreign location you must be prepared to house, feed, provide transportation and work space for the deployed forces. Continued budgeting for the prepositioning of assets at or near the site of intended use has and will continue to be paramount in the effort to equip these forces in an expeditious and cost effective way. All of the aerospace technology we employ will be useless without the boots on the ground to operate, maintain, and support the entire operation.

Funding also presents a challenge when you consider the different allocations associated with the largest WRM program in the USAF. If a deployed asset is destroyed or condemned after supporting an operation, contingency funds are not allocated to replace the asset. Contract operation and maintenance (O&M) dollars must be spent to recover the asset which creates shortfalls in other contract areas. Construction and maintenance for the five prepositioning sites is also absorbed in this O&M funding allocation. To meet the increased demands associated with reconstituting assets returning from the field, prepositioning sites are expanding and upgrading maintenance and storage areas. Historically, a request for MILCON dollars for these enhancements has been sent to the bottom of the priority list. If we are to meet future requirements, money will have to be reprogrammed and allocated to the WRM program to eliminate the need to budget O&M dollars for construction projects. The global war on terrorism has placed substantial strain on our people, weapon systems and support equipment. Many of our aircraft are showing signs of this wear and tear (example: C-130 wing box cracks). In addition, a lot of our support equipment is wearing out due to its extended use in the AOR. To help with this, my logistics division has contracted with a company in Warner Robins Georgia to rebuild some of the worst aerospace ground equipment (AGE), and our bases at Al Udeid and Al Dhafra have instituted refurbishment programs. This will help, but more will be required. Funding will be crucial to enable us to continue the global war on terrorism as well as the drawdown and reconstitution of our forces.

General AUSTIN. As a commander, my focus is providing soldiers and leaders with the equipment, training, facilities, and manpower needed to win the wars we face today, and to prepare for the ones we may face tomorrow. We have derived great efficiencies by using Stay Behind Equipment, for example, but at the end of our fight we will need to refurbish that equipment in order to preserve availability for future operations. This process will incur a significant bill to pay, and we cannot pay that bill from our current operations budget, nor should we jeopardize transformation to pay for this. Similarly, the Future Combat System will provide the country with a rapid, decisive capability to respond across the full spectrum of oper-

ations including lighter, more lethal, more survivable, and more sustainable ground forces. These programs provide soldiers and commanders a decisive and overmatching capability against any opponent. The decisions we make should be driven by the capabilities needed to defend the country's interests, now and in the future, and questions regarding funding should flow from that discussion.

Admiral McCULLOUGH. While the Navy's operational tempo has been high the past 4 years, Navy ships, planes and equipment have not been "depleted" in the sense that they will need to be "rebuilt" or replaced following the completion of operations in Iraq or Afghanistan. The Navy's continuous maintenance approach ensures approximately two-thirds of the force is surge ready and capable of deploying, if necessary, on short notice under the FRP. In an unpredictable world, it is important the Navy receives the funding for maintenance and operations necessary to ensure FRP remains a viable operational readiness construct.

Regarding the Navy's force structure through the Future Years Defense Plan, fleet recapitalization and acquisition of new and/or improved capabilities are well articulated in the President's budget proposals and are consistent with what the Navy needs to execute FRP and meet future requirements for Sea Strike, Sea Shield, and Sea Basing. The JFKSG deployed in 2004 under the FRP and, as the JFKSG Commander, I cannot emphasize enough how important it is for the Navy to have the funding necessary to be surge ready with full combat capability, prepared to answer the President's call within 30 days. A significant reduction in the Navy's total obligation authority following operations in Iraq could potentially jeopardize our Navy's ability to execute the FRP and limit the Nation's effectiveness in responding to the next crisis.

23. Senator INHOFE. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, what effect is the state of readiness having on the soldier, the marine, the airman, and the sailor as you stretch to rebuild your forces and their systems, what do you expect to see in their morale, and how do you plan to deal with any negative morale effects given these strained wartime conditions?

General METZ. Soldiers returning from deployments mention OPTEMPO as the most significant factor in deciding to separate from the Army. For those that are not deployed, the anxiety of long-term separation from family during probable future deployments is a significant factor affecting reenlistment decisions. In the long run, I believe that modularization will help reduce OPTEMPO resulting in more soldiers deciding to stay with the Army team. The short term fact, however, is that the current turbulence of transition coupled with OPTEMPO is impacting retention.

We continue to work very hard at mitigating any circumstances that would result in shorter stays for soldiers at home station, back-to-back deployments, and unnecessary prolonged separation from family. We have programs and policies in place to allow as much family time as possible for our troops while at home station such as a very flexible policy for extensive block leave before and after deployment; Morale, Welfare and Recreation (MWR) opportunities; individual and family retreats; and close attention to extended duty hours realizing all are driven by the reset mission and training requirements.

Additionally, the Deployment Cycle Support (DCS) program is a part of the reconstitution process upon redeployment. Soldier and family member training sessions, briefings and the half day work schedule for the first 7 days after return are part of the process. Fort Hood has gone over and above the baseline Army program to ensure maximum benefit to its soldiers.

We continue to resource quality of life programs, family programs, and health care programs to support our soldiers' every need. I believe our commanders at every level are very aware of the strain on their soldiers and make every effort to alleviate that to the best of their ability.

General SATTLER. Readiness and training have a direct correlation to unit morale, to this end, I MEF units are busy with predeployment training for the next rotation in support of Operation Iraqi Freedom. Proper training leads to personal and unit confidence, which in turn helps to maintain morale.

In order to ensure a smooth transition between outgoing and incoming units, in Iraq, the commandant directed that some of the I MEF equipment remain in theater. Leaving equipment in theater has had a direct negative impact on the ability of I MEF forces to train and prepare for immediate and future deployments in support of the global war on terrorism. In order to lessen the impact on training and readiness, actions were initiated by the commandant to transfer equipment between CONUS units throughout the Marine Corps. This transfer of equipment involved both the Reserve and Active components. Supplemental appropriation is also being used to procure new equipment to replace some of the equipment left behind in Iraq and to provide armor kits for deployed equipment. These equipment shortages are

a challenge; however, I MEF commanders are creating solutions to accomplish the necessary training. Right now, morale among the marines is good. A strong indicator of morale is retention. The USMC fiscal year 2005 first-term retentions are at approximately 93 percent of this year's goal with 5 months remaining. The career retentions (Marines on their second or subsequent re-enlistments) are at approximately 86 percent of this year's goal with 5 months remaining.

I MEF constantly monitors morale and retention in order to be proactive.

General BUCHANAN. Senator Inhofe, quality of life for the deployed airman has always been a priority issue. History has proven that the physiological state of the fighting force plays a vital role in how he/she performs in a wartime environment. USCENAF has taken strides to provide Morale Welfare and Recreation (MWR) activities at deployed locations such as morale phone lines, libraries, worship opportunities, and Base Exchange services, but there is still opportunity for improvement.

A deployed wing commander's morale obligation starts with the basic needs mentioned above. However, more enhanced MWR packages are needed. For example, in addition to the generic WRM housekeeping set UTC, we could create an integral library or Internet cafe UTC. In other words, don't make commanders "create" these services by using assets designated for administration or billeting and make it a library or internet tent. These are options that will enhance a deployed base and eliminate the need for commanders to choose between sufficient work space and creation of a morale building asset. Your continued support will be need for such efforts.

General AUSTIN. The American soldier is the best trained, best educated, best lead fighting force in the world. Their resilience to adversity and ability to rise to challenges are truly amazing. The strength of their morale is reflected, in part, in the 10th Mountain Division's successful reenlistment rates, which in 2004 averaged 128 percent, and have averaged 131 percent and 117 percent for the 1st and 2nd quarters of 2005, respectively. Our young men and women recently returned from Afghanistan, transformed to a modular force, reset the force, and trained in anticipation for new deployments to Iraq and Afghanistan that begin this summer. Through all this hard work and turbulence, our reenlistment rates remain high, there is little evidence of compromised readiness, and our Army families are strong.

The Fort Drum community has made the quality of life for military families its first priority, having a direct impact on soldiers and families. Our Army Family Team Building program is staffed with close to 70 volunteers, and has been recognized as the best in the Army. We continually address the needs of the soldiers and family members through installation and unit outreach programs that emphasize communication, community services, and personal and family readiness.

Admiral MCCULLOUGH. Our sailors work extremely hard to maintain personal readiness and the readiness of their equipment at a high level. Our sailors understand that more effort will be required during periods of higher operational tempo and they are more than willing to work longer hours when necessary to ensure readiness is maintained. However, they will naturally become frustrated if forces outside of their control effect readiness, such as shortage of funding for training or repair parts.

Our ongoing efforts to reduce negative morale on strained wartime conditions include: 1) To the best extent possible, provide sailors with the proper level of training and equipment support. 2) Keep sailors informed about schedule changes, progress of the mission, and future plans so they are truly part of the team. 3) Tell sailors what they do is important and vital to the success of each mission. 4) Set command goals providing a common focus for all hands. 5) Ensure that each sailor is appropriately compensated with the right amount off duty time to support his/her family.

END STRENGTH NEEDS

24. Senator INHOFE. General Metz, there have been a lot of reports since the advent of Operation Iraqi Freedom and Operation Enduring Freedom about the expanded use of women in our military. Recently, there have been concerns that the U.S. Army has circumvented the letter of the law with its assignment of women into potential combat situations. I am concerned and have expressed this concern in the past that our end strength is not sufficient to allow our military leadership the flexibility needed for our combat forces. The new modular Army presents some interesting challenges when it comes to combat coding of positions for female soldiers. Is the Army not able to keep women out of potential combat situations because the end strength does not permit us cover of all necessary areas without stretching the law's intent or are we unable to recruit enough male soldiers?

General METZ. I don't think that it is either. The rules of the battlefield have changed. The era of the Euro-centric, Cold War construct of close, deep, and rear operations has passed. The battlefield is non-linear, noncontiguous, and asymmetric. The enemy fights throughout the depth of our operations, and all soldiers regardless of rank, occupation or gender are at risk of finding themselves in potential combat situations.

The preponderance of our females serve in our special branches (Judge Advocate, Chaplain, and Medical) and our Combat Service Support career fields (Personnel, Finance, Ordnance, Quartermaster, and Transportation). These occupations are generally found in units that under the Army's Air Land Battle Doctrine supported the fight from a rear area, generally considered to be out of the enemy's reach (i.e., the close fight). These rear areas no longer exist on today's battlefield and soldiers in these units often find themselves in the middle of, if not waging the close fight. As Iraq and Afghanistan have shown, a truck driver, a nurse or a postal clerk is at much at risk from the enemy as an infantryman or tanker.

As of 15 September 2004, according to the Defense Manpower Data Center there are over 164,931 females serving in our total Army. They are trained, prepared, and dedicated professionals who have volunteered to serve their country during peace and war. In order to keep our women out of potential combat situations, in this day of asymmetric warfare, we would have to leave them at home. The ramifications of such an act would completely change the face of the Army and all that has been achieved over the last several decades for women in the Armed Forces.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

RESERVE COMPONENT ISSUES

25. Senator AKAKA. General Metz and General Austin, please provide your assessment of how the Reserve units in your command performed, including the integration of active and Reserve units under your command, and the policies in place with respect to deployment of Reserves as individual augmentees versus units.

General METZ. As I stated in my written and verbal testimony, integration of RC forces has been a success. As we apply the lessons learned from each deployment, the process and level of communication improves. RC units are apportioned an equivalent number of Predeployment Site Survey (PDSS) opportunities as their active duty counterparts. This allowed the incoming commander and staff direct, face to face coordination with the unit being replaced in the deployment location and environment. Another example is the integration of the 39th Enhanced Separate Brigade (Arkansas National Guard). This unit mobilized at Fort Hood and trained side by side with the First Cavalry Division, then deployed as a subordinate of the Division.

My exposure to the deployment of Guard and Reserve soldiers as individual augmentees was limited to those assigned to the Multi National Corps-Iraq staff. The III Corps staff filled the bulk of the MNC-I positions—those requirements above what the Corps could provide were tasked to the Reserve components. Those soldiers performed difficult jobs under demanding conditions right beside my traditional staff, and component was neither distinguishable nor an issue.

I attribute the overwhelming successes and achievements during Operation Iraqi Freedom II to all soldiers working toward a common goal. Concerns and issues with the RC forces assigned to MNC-I were only a few exceptions to the commendable norms during the deployment.

General AUSTIN. Reserve component units and individuals continue to play an increasingly important role in our operations and planning. They are an integral part of the total force. During our last rotation in support of OEF, the Reserve component comprised a significant portion of our engineer, aviation, and medical assets. The Reserve component comprised nearly all of the civil affairs presence. In each case, they did a superb job, and integrated well. Integration of the Reserve component works best when units and individuals are properly trained, educated, and equipped for the mission. When that happens the performance of Reserve units is often indistinguishable from the Active Force.

My experience has been that units that train together are a more coherent, ready, and unified fighting force. While I understand the need for Individual Military Augmentees, and their value, as a general rule there are tremendous advantages to deploying soldiers, as part of a unit rather than individually. The continuity of common training and procedures, personal familiarity, and the sense of belonging that come from deploying as part of a known team contribute greatly to unit readiness.

FAMILY SUPPORT

26. Senator AKAKA. General Metz, General Sattler, General Buchanan, General Austin, and Admiral McCullough, each of your Services has some type of support to the families of servicemembers who have been deployed. I strongly believe that the readiness of our forces is directly related to how well family members are being cared for back home. I believe that it is a necessity to provide a program that addresses balancing work and family responsibilities, prioritizing whole family life issues such as budgeting time and finances with the daily demands of military life, and building meaningful family relationships and developing parenting skills to raise emotionally healthy and empowered children. My understanding is that the installation commanders who have participated in such programs at Fort Bragg and Schofield Barracks have reported great success in terms of readiness and quality of life. Do you agree that these types of programs which help servicemembers and their families to manage both everyday challenges as well as the added demands of deployment help to increase readiness of the troops?

General METZ. Soldier and family programs assist in developing self-reliant, prepared families when their military spouse deploys. They provide peace of mind and confidence in the family's ability to manage challenges during a soldier's absence, allowing the soldier to focus on their tactical mission. Army Community Service provides programs which contribute to this capability:

1. Mobilization and Deployment Readiness provides predeployment briefings and reintegration training, Rear Detachment personnel training, assistance to Family Readiness Groups, and operates Family Assistance Centers to provide emergency services to families.

2. Family Advocacy and Prevention Education provides services to develop relationship and parenting skills and improve their quality of life. Sessions focus on conflict resolution, communication skills, stress management, parent education, New Parent Support Services, spouse and child abuse prevention, relationship support, and respite care.

3. Financial Readiness provides training to prevent family financial problems. Emphasis is placed on money management, proper use of credit, financial planning for deployment, transition and relocation, insurance; check writing principles, and consumer rights.

4. Army Family Team Building (AFTB) provides families with information, knowledge, and skills needed to gain self-reliance and to better utilize the community support programs provided to assist them throughout their spouse's career. AFTB has been implemented at all U.S. Army, U.S. Army Reserve and Army National Guard installations throughout the world.

5. Finally, commanders are responsible for soldiers and family well-being. One of the most useful programs is the Family Readiness Group (FRG) assistant's program implemented by Forces Command in May 2004. It provides critical support services for commanders, Rear Detachment Commander's (RDC) and FRG Leaders during mobilization and deployment. The paid FRG Assistant is a mission asset facilitating trained, responsive RDCs, effective FRG Leaders, and linking RDCs and FRGs to existing community resources.

General SATTLER. Family readiness is a continuous and key component of the Marine Corps' readiness process. Commanders at all levels understand the ramifications for deployed marines when family problems arise. To that end, the Marine Corps has employed a variety of methods to ensure family readiness. The Family Readiness Officers play a key role in helping Marines and their families prepare for the upcoming deployments and also with planning for the re-union upon completion of the deployment. A critical component of these efforts is Marine Corps Family Team Building (MCFTB).

MCFTB provided critical support while most of the I MEF commands aboard Camp Pendleton were deployed. MCFTB programs for educating Family Readiness Officers, Key Volunteer Coordinators, Advisors, and spouses provided continuity and sustained Family Readiness. Three key programs provided by MCFTB are Life-styles, Insights, Networking, Knowledge, and Skills (L.I.N.K.S.), Return and Reunion Brief, Chaplains Religious Enrichment Development Operation (CREDO).

MCFTB educates spouses on what it means to be a military spouse. This is especially helpful during time of extended deployment when many new spouses were barely indoctrinated into the Marine Corps lifestyle before their servicemember deployed.

Return and Reunion Brief is an in depth brief designed to prepare spouses for reunion with a deployed Marine through education and reflection on what family has been through and what the marine has been through. The brief encourages proper prior planning for a smooth readjustment phase.

CREDO is a spiritual based program administered by the Chaplain Corps. CREDO retreats are offered to enable Marines, their families, and other authorized personnel to develop personal and spiritual resources and grow toward increased functional ability, religious maturity, and accept responsibility.

General BUCHANAN. Senator Akaka, the Air Force agrees these programs are effective in preparing our troops and their families to manage both everyday challenges and the added demands of deployments. To fulfill these needs, our bases are equipped with Family Support Centers and Family Advocacy Programs. These activities provide a variety of support services including Family Life Education and Personal Financial Management classes. Our Family Life Education Classes enhance the well-being of our families by helping them develop skills related to good parenting, communication, conflict resolution, and problem-solving, which will enable them to balance family responsibilities with the unique challenges of military life. Personal Financial Management classes are provided to increase financial awareness and money management skills. Together, these activities work as part of our Integrated Delivery System, our network of Air Force and community helping agencies which assist our families with education, childcare, counseling, spiritual and practical support.

General AUSTIN. I firmly agree that strong families are a core readiness issue. A soldier cannot fully focus on the mission if he is concerned about the family he left behind, and whether they are being cared for. At the 10th Mountain Division and Fort Drum, we have been committed to developing and resourcing family readiness programs designed to help families succeed. The Army Family Team Building program, for which Fort Drum has been recognized as the Army's best, is a good example of this. It is a structured program that educates and trains military families in a wide variety of knowledge, skills, and behaviors that foster personal and family readiness. The program also provides training for individual unit Family Readiness Groups, and others. A key goal of the program is to support families in ways that facilitate self-reliance and resiliency during deployments. Other programs include chaplain-sponsored marriage enrichment initiatives and programs for building strong and ready families. In all, family-focused support has proven a tangible combat multiplier that improves readiness and retention. It remains one of our highest priorities.

Admiral McCULLOUGH. Yes, I agree. The training and support for Navy families is critical to readiness. These programs provide key information for our families throughout the year.

SECURITY AND STABILITY OPERATIONS

27. Senator AKAKA. General Metz, General Sattler, and General Austin, what "lessons learned" do you have with regard to the conduct of security and stability operations, based on your experiences in Iraq and Afghanistan and are we on the right track?

General METZ. I firmly believe our Nation is headed in the right direction in executing the global war on terror. Additionally, there are numerous lessons learned that must be addressed to increase our effectiveness. Here are some of my thoughts based on my 13 months in Iraq:

1. Fundamentals that focus on basics are the keys to success—every soldier is a warrior and a marksman; force protection and safety; maintain values and ethics; cultural awareness; and an enforced ROE. Our learning strategy works from individual through Corps formations; joint fires, logistics, effects based operations; balanced experiences through training and education; and in theater focus on operations, maintenance, rest and training. Dividends come from leading from the front, discipline, endurance; patience, not rushing to failure, study and think; precise use of lethal and non-lethal force; and using all the tools in the joint and coalition kitbag.

2. Insurgencies are not defeated by Security Operations and a will to win alone. Lines of Operations must be balanced to be effective and must support an agreed upon endstate. My experience in OIF was that a 60 percent Iraqi effort always beat a 100-percent coalition solution. Interagency synchronization continues to be a challenge. The evolution of the Goldwater-Nichols Act must continue to address and improve interagency roles and the contributions.

3. Actionable intelligence is extremely difficult to attain in a complex environment such as Iraq. Sensor to shooter link is cumbersome and a decentralized fight complicates intelligence collection and coordination. Coordination between intelligence agencies are complicated by competing interests. Human Intelligence (HUMINT) must focus more on source development rather than just targeting. Additionally, the

Abu Ghraib prisoner abuse negatively impacted interrogations. UAVs at Corps and below are scarce and the current intelligence systems were designed for the Cold War, not the global war on terrorism; this impacts our ability to gain actionable intelligence on terrorist and other non-state sponsored enemy entities.

4. War occurs real-time in Cyber-space. Successful information operations are essential to sealing the strategic victory—we should engage the media and treat them as trusted professionals. Units must conduct transparent Public Affairs and be proud of the military's high standards. Information Operations require a thorough understanding of the integration between it, Public Affairs and Corps operations as they link tactical success to the strategic endstate.

General SATTLER. The I Marine Expeditionary Force (I MEF) has drawn a wealth of lessons learned at all levels from our recent deployment. These lessons provide the basis for the adaptation of our training, force structure, and doctrine. We freely share these lessons with other Marine and sister service units through the Marine Corps Lessons Learned Program. While many of our lessons learned are focused at the squad and individual marine level, several are applicable to the defense establishment as a whole.

First, and foremost, HUMINT is essential to destroying terrorist networks and defeating an insurgency. The collection of HUMINT requires linguists. The linguists we currently have are doing back-to-back deployments to meet the requirements. We need more linguists to alleviate this shortage and provide our forces with this critical skill. The Marine Corps has instituted an aggressive plan to increase the number and variety of linguists in the force. In conjunction with this long-range service led solution, I MEF is partnering with the Defense Advanced Research Projects Agency to leverage the latest language training technology. If successful, this effort will significantly raise the language capability of the I MEF during our next deployment to Iraq.

Much of our tactical success derived from our partnering with our Iraqi counterparts. Iraqi forces provided vital manpower and HUMINT collection capability. They are from the same cultural and religious background, and can intuitively identify (instinctive profiling) foreigners who do not belong, or are otherwise suspicious in nature. Their employment multiplies our operational effectiveness and U.S. forces cannot replicate their inherent cultural and language capabilities. The establishment of close working relationships between Iraqi and coalition forces is a major factor in improving the effectiveness of the former. Iraqi units display greater resolve and receive better training when either coalition forces are integrated into those units or when those units are integrated into a Coalition force unit.

The presence of coalition forces in urban areas is essential to suppressing the insurgency. This presence entails saturation patrolling, targeted (intelligence-driven) raids, and emergency control measures (curfews, entry control points, vehicle check points, identification cards). The strength of insurgent intimidation in Sunni-dominated areas translates into an inability to use home grown forces. Locally recruited Sunni-Iraqi forces are generally ineffective due to their susceptibility to intimidation. The employment of Iraqi forces coming from other provinces into Sunni-dominated provinces is required.

The insurgents have proven themselves to be very creative and adaptive in adjusting to coalition TTPs. In turn, we continue to need the support of Congress to fund new equipment that is required to fight an asymmetric enemy who is constantly changing his TTPs in an attempt to inflict casualties among coalition forces. The Marine Corps has shown tremendous institutional adaptability in responding to the tactical needs of our marines at the 'tip of the spear.' The service implemented Urgent Universal Needs Statement (UUNS) process has provided the warfighter a responsive means to rapidly identify new equipment requirements and field to the warfighter. For example, this process was used to fill shortfall for an UAV that was needed to supplement existing capabilities. In 6 short months, the UUNS process provided this capability and we employed the UAV with devastating effect.

The insurgents must not see our national resolve waiver. The insurgency did not abate until the coalition had sent several strong signals of its firm resolve, particularly in Najaf, Operation Al Fajr (second Battle of Fallujah), successfully conducting national elections, and firmly declaring its intent to remain in Iraq as long as necessary. Political engagement of the Sunnis is very important to undercutting popular support for the insurgency. The Sunnis require greater political representation and economic assistance. The reconstruction of Fallujah can serve as a model for the entire Al Anbar Province, and open up new venues for political engagement with the Sunnis.

We are on the right track in Iraq. We are focusing on developing the capability of the Iraqi forces to meet their own internal security requirements and to successfully combat the insurgency. We continue to improve our HUMINT by leveraging

the capabilities of our Iraqi forces which enables us to increasingly target the leadership of insurgent and terrorist cells. The anticipated introduction of two full Iraqi divisions into the Al Anbar Province by next summer will provide us with a force not subject to insurgent intimidation and with whom we can embed coalition forces to help train and mentor their counterparts. These will be important steps on the road to the eventual turnover of all security operations to Iraqi forces and a corresponding withdrawal of U.S. forces.

General AUSTIN. Security and stability operations are diverse in nature and extremely challenging. We have learned valuable lessons regarding the conduct of such operations in Iraq and Afghanistan, and applied these lessons to how we train basic soldier skills and develop adaptive leaders. Our training now emphasizes the basics of physical and spiritual fitness, advanced rifle marksmanship, live fire training and fighting with special operations and coalition forces. We focus on developing adaptive junior leaders who are capable of rapid decisionmaking, independent action, and can appreciate the human aspects of the environment such as culture, religion, history, and language. Our experience with security and stability operations has highlighted the fact that even in a more technologically dependant environment, soldiers are still the focal point. Therefore, we train the individual soldier and leader to be flexible, adaptable, and decisive.

28. Senator AKAKA. General Metz, General Sattler, and General Austin, do we have adequate training, personnel, and equipment for the missions in Iraq and Afghanistan or do we need forces dedicated to these missions?

General METZ. We do not need dedicated forces for these operations. The goal of Army transformation is that our forces will have the capability to engage in many different types of operations. Modularity should enhance the flexibility of the new organizations, giving them more capabilities. They will be easier able to adapt to a broad range of operations along the spectrum of conflict, ranging from peace keeping operations to full-scale conventional warfare.

However, we may need to temporarily increase the numbers of troops and units in certain specialties. These specialties are in high demand now because of the particular nature of the fight in Iraq and Afghanistan. Shortages exist within specific high-demand specialties, such as civil affairs, interrogators, truck drivers, and internment officers. For several of these specialties, transportation and civil affairs for example, the bulk of their force structure exists within the Reserve components. Most of these soldiers have already been mobilized for homeland defense, Iraq, or Afghanistan, and are no longer available.

Note that the dynamics of future wars will impose a stress on a different set of specialties. Therefore, the stress of OIF and OEF does not necessarily require a permanent change in the Army's structure, but rather a temporary adaptation to current requirements.

We have sufficient equipment for OIF and OEF. However, managing the pool of equipment that remains in theater is a challenge, particularly in the context of simultaneously transforming redeployed units. For example, vehicles that have add-on-armor become stay behind equipment (SBE), and do not redeploy with the unit that brought them into theater. When this unit arrives back at its home station, it must transform and train without them. Leaving equipment that has been modified for OIF or OEF in theater is the right thing to do, but it does complicate reorganization and training at home station as a unit prepares for a second rotation.

Transformation imposes its own challenges on equipping the force. Because we are increasing the number of brigades, there is a greater requirement for certain types of equipment that exist in finite stocks and are no longer under production. I appreciate Congress' support, allowing the Army to reopen SINGARS radio production; this is one example of equipment that existed in satisfactory stocks in our old organizations, but the quantity is not sufficient for the new modular organizations.

General SATTLER. I MEF conducts training for our forces supporting OIF and OEF. For deployed units and units preparing to deploy, training is extensive and continuous. Lessons learned from both Iraq and Afghanistan are incorporated at every level, from individual to unit to higher headquarters. Marines are given language and cultural classes in addition to preparing for the tactical challenges of the operating environment. I MEF is confident that it has the necessary training programs to sustain operations in Iraq and Afghanistan in place at this time.

With two notable exceptions, Fallujah and Najaf, I MEF had adequate U.S. and Iraqi forces to conduct Security and Support Operations in our area of operations. The short-term addition of Coalition and, more importantly, national Iraqi forces provided the manpower necessary to control the insurgency in both Najaf and Fallujah. The tactical mobility of MNC-I forces and the surgical use of the MNC-

I Strategic Reserve allowed MNC-I to meet potential threats with the requisite force while keeping the overall number of forces at the current level. The eventual deployment of additional Iraqi forces over the course of the next year will both increase tactical options and decrease dependency on U.S. forces within Iraq. As long as Iraqi forces continue to grow and improve in effectiveness, more coalition forces should not be required and the insurgency should be gradually suppressed in most of Iraq. On the other hand, any premature withdrawal of coalition forces over the near term would be detrimental to security.

Specialized counterinsurgency troops should not be developed outside of Special Forces. The majority of U.S. forces need the flexibility to adapt to fighting across the spectrum of conflict. While the current tactical situation requires increased counterinsurgency training, conventional warfighting training must continue as well. I MEF units displayed the flexibility required in the dynamic tactical environment of Iraq by repeatedly and seamlessly shifting between counterinsurgency and conventional warfighting.

Marine Corps equipment in both Iraq and Afghanistan is currently adequate to support the respective missions. While the equipment is being used at rates much higher than during peacetime operations, the equipment remains in a high state of readiness due to an aggressive and proactive maintenance effort. Congressional supplemental spending authorizations have been critical in supporting the MEF in its efforts to move as rapidly and effectively as possible to reconstitute our combat capabilities. Marines continue to find innovative ways to maintain their gear. The marines of I MEF stand ready to meet the full spectrum of potential world-wide contingencies.

General AUSTIN. [Deleted.]

RESET OF FORCES

29. Senator AKAKA. General Metz, General Sattler, and General Austin, do you have a specific plan and timeline for when your forces will be trained and ready for any and all missions, with all your equipment back and refurbished? If so, please describe those plans, your progress to date in implementing those plans, and when you expect to have all your equipment on hand in refurbished condition.

General METZ. III Corps has developed, published, and executing Operation Phantom Vortex. This plan focuses on the redeployment, demobilization, reconstitution, reconfiguration, training, deployment, and mission execution support processes. It is fully nested with the Army's Expeditionary Cycle and will be conducted in a very deliberate manner to ensure the proper execution of required tasks and the appropriate recognition and reintegration of soldiers and their families, while ensuring the force is re-set and postured for future missions within 12 months of return from deployment. All units will train to standard and deploy when so ordered. This plan and its' execution is designed to balance a soldiers return, mobilization and demobilization against installation capacity and throughput, while simultaneously continuing other ongoing missions.

The mission statement for Operation Phantom Vortex: III Corps establishes and executes the expeditionary cycle to redeploy units and soldiers; reintegrate them into the home station environment; reconstitute soldiers and equipment in reconfigured units; train soldiers and units to standard; o/o deploys units in support of future operations in support of OIF, OEF, and the global war on terrorism; and, supports soldiers, units and families remaining in CONUS while forces are deployed.

General SATTLER. [Deleted.]

General AUSTIN. [Deleted.]

READINESS CONCERNS

30. Senator AKAKA. General Metz, General Sattler, and General Austin, what are your primary readiness concerns for the coming year and what are you keeping your eye on?

General METZ. Readiness is always a primary concern for a commander. Transformation and the dynamics inherent to any type of change directly impact my concern for readiness. Army Transformation is essential and must be accomplished to shape the force for the future. It is the right thing and now is the right time. However, the dynamic of regenerating and reconfiguring unit formations directly impact unit readiness during this transformational period. Making sure that units have the required equipment and personnel are leader responsibilities and must be attained in order to have prepared and ready units for worldwide deployment.

To address my concern, III Corps has developed, published and executing Operation Phantom Vortex. This plan focuses on the redeployment, demobilization, reconstitution, reconfiguration, training, deployment, and mission execution support processes. It is fully nested with the Army's Expeditionary Cycle and will be conducted in a very deliberate manner to ensure the proper execution of required tasks and the appropriate recognition and reintegration of soldiers and their families, while ensuring the force is re-set and postured for future missions within 12 months of return from deployment. All units will train to standard and deploy when so ordered. This plan and its execution is designed to balance a soldiers return, mobilization, and demobilization against installation capacity and throughput, while simultaneously continuing other ongoing missions. This plan addresses my broad readiness concerns and is focused on maintaining a high state of readiness in III Corps.

General SATTLER. [Deleted.]

General AUSTIN. [Deleted.]

31. Senator AKAKA. General Metz, General Sattler, and General Austin, how ready are your forces, as of the date of this hearing, to take on additional missions, such as a contingency in North Korea? Please provide a classified response.

General METZ. III Corps is conducting transformation and preparing forces to deploy in support of multiple operations. With ongoing transformation and reset actions, III Corps will assume varied levels of risk associated with the assumption of multiple missions. III Corps is prepared to execute ongoing missions and continues to develop plans in support of various contingency missions. The redeployment, demobilization, reconstitution, reconfiguration, and training of subordinate units all impact the Corps overall readiness to deploy and execute contingency missions. As transformation and modularity progress, III Corps units will increase their overall state of readiness and be fully prepared to deploy in support of any future contingency.

General SATTLER. [Deleted.]

General AUSTIN. [Deleted.]

IMPACT OF LONG-TERM BASING IN U.S. CENTRAL COMMAND

32. Senator AKAKA. General Buchanan, how would reaching agreements on a long-term presence at certain bases in the Central Command region impact our capability in the region, the way we do our missions, or the way Air Force personnel are deployed to these bases?

General BUCHANAN.

PREDEPLOYMENT TRAINING

33. Senator AKAKA. General Metz, General Sattler, and General Austin, how well did you feel our combat training centers at Fort Irwin, Fort Polk, and Twenty-Nine Palms prepared your forces for their deployments?

General METZ. In my view, our CTCs met their training challenges admirably, and they have been invaluable in helping prepare our forces for duty in Iraq.

The training strategy we use reinforces individual soldier skills which are then combined to build well-trained crews and small units. Units work up to company and battalion-level training through maneuvers at home station and the use of computer simulations, training a broad range of missions that support its wartime mission essential tasks.

The capstone exercises for deploying units were conducted in the most realistic environments we could create at the CTCs. Both Fort Polk and Fort Irwin re-oriented their scenarios to include noncontiguous areas of operations and both symmetrical and asymmetrical threats; incorporated more civilians-on-the-battlefield in unit operations; increased the emphasis on small-unit engagements; added additional MOUT sites; and have placed more emphasis on convoy operations (including live-fire). The CTCs actively solicit feedback from units deployed in theater to update their scenarios and training events to further ensure that the training is timely and relevant to the mission.

The Division and Corps staffs were exercised through simulation-driven command post exercises, which Joint Forces Command and the Army's Battle Command Training Program monitored and mentored. Members of division and corps staffs who are serving in Iraq participate in the Mission Rehearsal Exercise of the units that will replace them in order to make this training as realistic and current as possible. Our training strategy works.

General SATTLER. [Deleted.]

General AUSTIN. The CTCs are critical to unit readiness. The centers have prepared, and continue to prepare our forces extremely well for the challenges they face in Iraq and Afghanistan. The Joint Readiness Training Center (JRTC) at Fort Polk has been the primary CTC that 10th Mountain Division has utilized. The JRTC provides crucial training to our soldiers because it replicates the operational environment and threat we face in Iraq and Afghanistan. JRTC continues to provide the most realistic training based on relevant training scenarios which reflect the specific threats and conditions of the deploying units' operational areas. One of our brigades recently completed a successful training rotation at JRTC. The soldiers of the brigade are fully trained and prepared to meet the challenges they will face upon deployment to Iraq this summer.

34. Senator AKAKA. General Metz, General Sattler, and General Austin, how well did your units' predeployment training, both at the combat training centers and at home station, prepare them for the challenges of operating in Iraq or Afghanistan, such as cultural and language issues, the impact of the climate on personnel and on equipment maintenance needs, and countering improvised explosive devices?

General METZ. The Army's training strategy produced soldiers, leaders, and units that were well prepared for the intense demands of counterinsurgency operations in Iraq. Our strategy relies on a building block approach emphasizing sound application of basic skills, and then increases the complexity of the tasks and demands of the environment. Everything begins with the individual soldier, who must be ready to fight anytime, anywhere. No rear area exists in Iraq, only front lines, and every soldier knows it. They have to be ready from the moment they enter Iraq, and they were.

The procedures for mobilizing, training, and validating RC units also works well. We found the greatest success came from linking an RC unit's training to its AC counterparts. The 39th Enhanced Separate Brigade (ESB) from Arkansas trained at Fort Hood with the 1st Cavalry Division. This allowed the 39th to train as it would fight and they became an integral part of the 1st Cavalry Division's Task Force Baghdad. I am convinced our training strategy enhanced our combat power and survivability in combat. Operations in Najaf, Samarra, Fallujah, and Mosul are good examples. Our training also made our units flexible—able to adapt to missions beyond their normal specialization. Some units had to rapidly deploy out of their sector and had to quickly adapt to operations under different Army or Marine headquarters, often in coordination with coalition partners, with no loss of momentum. By adapting our training to changes in theater, generated by a thinking, adaptive adversary, we will continue to deploy highly trained and ready units. We are constantly receiving feedback on lessons learned and new TTPs and incorporating that feedback into our training plans. Our situational awareness training—language, customs, traditions, history, etc.—is good and continues to improve. Aggressive maintenance programs, increasing numbers of up-armored/appliqued vehicles, and equipment modifications driven by our experiences in the field all served to lessen the impact of climate and terrain on our equipment. Our soldiers were prepared to handle the physical challenges they faced and as acclimatized as they could be prior to deployment. Insofar as countering IEDs was concerned, the predeployment training received was effective. It has gotten better over time as our experience widened and our training aids improved. By the time soldiers cross into Iraq, they were confident in themselves, their leaders, and their equipment. They were well-prepared for the challenges they were going to face in combat.

General SATTLER. [Deleted.]

General AUSTIN. The 10th Mountain Division's training at home station, and at the Combat Training Centers, has evolved over the past 3 years to incorporate crucial lessons learned. This training includes theater specific Mission Readiness Exercises (MRE) at the Joint Readiness Training Center as well as training exercises at Fort Drum; both of which incorporate and replicate the conditions our soldiers face in combat. Realistic scenarios are replicated by using role players who are fluent in the Arabic language and local dialects, as well as extensive training in detection and counter measures for improvised explosive devices and vehicle borne improvised explosive devices. We have incorporated these requirements into our mandatory Theater Specific Individual Training Requirements. Every soldier deploying from Fort Drum completes these training requirements prior to deployment. Further, deploying soldiers receive instruction in basic introduction to the Arabic language and local dialects as well as cultural awareness briefings. Our soldiers' experiences in both Afghanistan and Iraq have provided a wealth of knowledge that we now infuse across the division as we train for future deployments.

TREATMENT OF DETAINEES

35. Senator AKAKA. General Metz, on April 19, the Washington Post contained an article that cited Army investigative documents about the treatment of detainees in Iraq. The article said, in part:

“A previously disclosed Aug. 14, 2003, e-mail from the joint task force headquarters in Baghdad to top U.S. human-intelligence gatherers in Iraq is cited as a potential catalyst. Capt. William Ponce wrote that ‘the gloves are coming off’ because casualties were mounting and officers needed better intelligence to fight the insurgency. Ponce solicited ‘wish lists’ from interrogators and gave them 3 days to respond. That message was forwarded throughout the theater, including to officials at Abu Ghraib, where notorious abuse followed.”

“At the 4th Infantry Division’s detention facility in Tikrit, the e-mail caused top intelligence officials to develop a list including open-hand strikes, closed-fist strikes, using claustrophobic techniques and a number of ‘coercive’ techniques such as striking with phone books, low-voltage electrocution and inducing muscle fatigue.”

During your deployment in Iraq, did you understand what the rules were on how detainees should be treated, did you discuss these rules with your subordinate commanders, and did you monitor what techniques were being used on detainees in your area of operations?

General METZ. Throughout my tenure during OIF II, I emphasized the proper treatment of Iraqi detainees, not as a result of the public release of the Taguba or any other report, but because it was the correct thing to do and was in keeping with the Army core values. The rules governing how detainees were to be treated during OIF II were consolidated in the CJTF-7 Interrogation and Counter Resistance Policy Letter dated 12 October 2003 as updated by the 13 May 2004 policy letter. Commanders were aware of the policies and responsible for implementing the policies and reporting violations. Reported violations were investigated by the Judge Advocate General, the Inspector General, and Criminal Investigative Division as appropriate.

I maintained considerable attention on the issue of detainee operations and treatment throughout OIF II, ensuring my subordinate commanders understood and followed the requirements as prescribed in the 12 October 2003 and then the 13 May 2004 policy letter.

[Whereupon, at 3:28 p.m., the subcommittee adjourned.]

